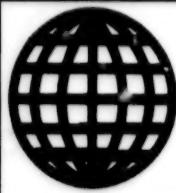


JPRS-NEA-90-065  
2 NOVEMBER 1990



FOREIGN  
BROADCAST  
INFORMATION  
SERVICE

# ***JPRS Report***

## **Near East & South Asia**

---

# Near East & South Asia

JPRS-NEA-90-065

## CONTENTS

2 NOVEMBER 1990

### NEAR EAST

#### EGYPT

Wafd Party Members, Legalists View Election Process *[AL-WAFD in Arabic 30 Sep]* ..... 1

#### IRAQ

Iraqi Immigrants to Israel Discuss Saddam Husayn *[Tel Aviv MA'ARIV 31 Aug]* ..... 3

#### ISRAEL

U.S. Presence Not in Israel's Interest *[HA'ARETZ 14 Sep]* ..... 4  
U.S. 'Waiting Policy' Praised *[AL HAMISHMAR 28 Aug]* ..... 4  
Iraq Said Less Threatening Than It Appears *[HA'ARETZ 23 Aug]* ..... 6  
Need for Real-Time Satellite Imagery Discussed *[YEDI'OT AHARONOT 17 Sep]* ..... 7  
Economic Forecasts for New Year Given *[MA'ARIV (Business Supplement) 18 Sep]* ..... 9

### SOUTH ASIA

#### INDIA

Report on V.P. Singh's 23 Sep Speech to Party Workers *[THE HINDU 24 Sep]* ..... 12  
Singh Addresses Defense Regional Commanders *[THE HINDU 20 Sep]* ..... 13  
Controversy Over Implementation of Mandal Report Told ..... 13  
    Singh, Gandhi in Lok Sabha *[THE HINDU 7 Sep]* ..... 13  
    Singh to Madras Meeting *[THE HINDU 17 Sep]* ..... 15  
    Rajiv to Congress-I *[THE STATESMAN 8 Sep]* ..... 17  
    Writer Lists 'Fatal' Flaws *[THE STATESMAN 28 Aug]* ..... 17  
No Consensus on Holding of Punjab November Polls *[THE TIMES OF INDIA 20 Sep]* ..... 18  
Reservation Policy Seen Creating Discord, Divisions *[ANANDA BAZAR PATRIKA 18 Aug]* ..... 18  
Congress-BJP 'Incomprehension' of Reservation Issue Criticized  
    *[NAVBHARAT TIMES 14 Sep]* ..... 20  
Editorial: BJP 'Going It Alone' Will Benefit Congress *[DECCAN HERALD 22 Sep]* ..... 21  
Kerala Said Unaffected by Anti-Reservation Protests *[DECCAN HERALD 22 Sep]* ..... 21  
CPI-M Leader Opposed to Hindu Revivalism *[THE SUNDAY STATESMAN 16 Sep]* ..... 23  
Papers Report on Arun Nehru Visit to Vietnam ..... 23  
    Trade Protocol Signed *[PATRIOT 13 Sep]* ..... 23  
    Nehru Meets Press *[THE STATESMAN 15 Sep]* ..... 24  
Analyst Writes on Latest Border Talks With PRC *[THE HINDU 24 Sep]* ..... 24  
West Bengal: Basu Said To Use Police for Political Gain *[ANANDA BAZAR PATRIKA 30 Aug]* .. 26  
Reportage on Development of Eighth 5-Year Plan ..... 27  
    Panel Approves Cost *[PATRIOT 19 Sep]* ..... 27  
    Approach Called 'Unrealistic' *[THE HINDU 20 Sep]* ..... 28  
Officials Predict Record Foodgrain Production *[THE TIMES OF INDIA 14 Sep]* ..... 29  
Commentary Questions State Resource Adequacy for Education *[DECCAN HERALD 22 Sep]* ... 29

#### PAKISTAN

Former Minister of State Views 'The Pakistan Scene' *[THE PAKISTAN TIMES 5 Sep]* ..... 31  
Commentary Views Corruption Trials, Political Fallout *[THE PAKISTAN TIMES 4 Sep]* ..... 32  
Commentary Views the Emerging Scenario in Politics *[THE PAKISTAN TIMES 9 Sep]* ..... 34  
Commentary on Achieving Political Stability *[THE PAKISTAN TIMES 15 Sep]* ..... 35  
National Stand on Kashmir Viewed *[THE PAKISTAN TIMES 2 Sep]* ..... 37

Commentary Views State of Economy <i>[THE PAKISTAN TIMES 16 Aug]</i> .....	38
Commentary Views Foreign Loans <i>[THE PAKISTAN TIMES 23 Aug]</i> .....	38
Commentary Views Role of Cooperatives <i>[THE PAKISTAN TIMES 5 Sep]</i> .....	40
Commentary Urges Minimizing Imports <i>[THE PAKISTAN TIMES 2 Sep]</i> .....	40
Commentary Reviews Performance of Economy 1989-90 <i>[THE PAKISTAN TIMES 14 Aug]</i> .....	41
Commentary Supports Energy Conservation Measures <i>[THE PAKISTAN TIMES 5 Sep]</i> .....	44

## EGYPT

### Wafd Party Members, Legalists View Election Process

91AA0021A Cairo AL-WAFD in Arabic 30 Sep 90 p 3

[Article by Muhammad Muawid: "What Will Follow the Dissolution of the People's Assembly? Court Supervision over Election Process Ensures Neutrality, Integrity of Elections; Voters' Lists To Be Reviewed To Remove from Them Names of Persons Who Have Been Deceased and Who Have Emigrated"]

[Text] What will follow the dissolution of the People's Assembly?

This is the question which people in Egypt are asking. Whether they have an interest in politics or know nothing about it, ordinary people as well as educated people are asking this question. The secret behind this question which people are asking may be the fact that they do not think that dissolving the assembly will solve their problems. In fact, people do not believe that the next assembly will be better than its predecessor since the elections and their outcome do not express the people's real wishes. After all, the ultimate outcome of an election is largely determined by the government, by the Ministry of Interior's computer, and by governors. They are the ones who determine that outcome and not voters' votes, which do not matter as long as they conflict with the tendencies of the ruling party. Such ideas are firmly fixed in people's minds because people have lived with these conditions for a long time. That is why they are wondering: What will follow the dissolution of the People's Assembly? In other words, what will the next People's Assembly offer that is new? To them, more than likely, the only new thing that the next assembly will offer will be the different faces of assembly members, that is, if there is a turnover in the assembly.

People want to have free, honest elections. They want judges to supervise these elections to guarantee their neutrality and authenticity. They are asking that voters' lists be purged and that the names of people who have been deceased but who somehow always vote for the ruling party be deleted. God Almighty is indeed capable of bringing the dead back to life.

If this is how ordinary people see this matter, what are the experts and the specialists saying? What are constitutional scholars in Egypt saying?

AL-WAFD met with a number of them, and it asked them what they thought about the dissolution of the assembly and the coming elections. This round of questions and answers ensued.

Ibrahim Faraj, secretary general of the Wafd Party, says, "The judiciary's supervision of the elections is not enough to guarantee their integrity. Instead, the elections process in its entirety, from beginning to end, must be entrusted to the judiciary, and the Ministry of Interior

should have nothing to do with the elections, except for its responsibility to provide security outside the polling places."

Ibrahim Faraj had this to say about coordination between the parties in the coming elections campaign, "A final decision on this matter has not been made, but this is something that may happen when opposition parties have confidence in the integrity of the elections process and in the judiciary's oversight over these elections."

### The Deceased Vote

Yasin Siraj-al-Din, chairman of the Wafd Party's Parliamentary Committee, thinks that guarantees about the integrity of the elections process must include:

- Keeping voters' registration open to citizens year round.
- Purging the voters' lists and removing fictitious names and the names of people who have been deceased from those lists. Voters with those names are always voting in favor of the ruling party.
- Judicial authorities should oversee the elections process from beginning to end.
- Governors, security directors, and mayors are to stay out of the elections and everything that has to do with them because they apply pressure on citizens to make them select the government's candidates.

### A New Constitution

Dr. Muhammad 'Asfur, professor of law and member of the Wafd Party's Supreme Committee, thinks it is legally impermissible to hold a referendum on carrying out a court order. He thinks that complying with the court order and abolishing the assembly without holding a referendum would have been more appropriate.

Regarding guarantees to ensure free and honest elections Dr. 'Asfur thinks that the best guarantee would lie in:

- Repealing the state of emergency which was declared 10 years ago.
- Seeing to it that the country has a new constitution because the constitution is the sole guarantor of life for individuals and peoples.
- Having a civilian, not a military regime.

Justice al-Dimirdash al-'Aqali calls for abolishing the requirement that 50 percent of assembly members be workers and peasants because, in his opinion, such a restriction is now outdated. To ensure the integrity of the elections process he is asking that steps, including the following ones, be taken:

- Amending the constitution
- Giving all those who are of legal age an opportunity to vote in accordance with their identity cards
- Purging voters' lists
- Letting the judiciary oversee the elections process in its entirety

Justice al-'Aqali said, "Election results must be announced by an independent judiciary committee, and that decision, which should be legally authoritative, should be one that may not be challenged for any reason. This would prevent us from getting drawn into and bogged down in administrative lawsuits. If all this comes about, the Egyptian people will eventually achieve true democracy. If these guarantees are compromised in any way, the integrity of the elections process will be brought to an end."

Justice al-'Aqali affirmed that what cannot be fully grasped should not be totally abandoned. If officials of the regime find that amending the constitution is too difficult and intellectually taxing, the least they can do is to implement the remaining guarantees which have to do with the elections law and the elections process. It is up to the opposition during that period to make up its mind and assume a clear-cut position on these guarantees so that it would not be lured into an election process whose neutrality and integrity are not guaranteed.

Dr. Mahmud al-Saqqa, professor of law and member of the Supreme Wafd Committee said that popular supervision of elections is required. "Elections must be held under the supervision of the judiciary, and no one should be allowed to tamper with them in any way. It doesn't matter whether the elections process lasts for one or two weeks, but voters' lists must also be modified; voter registration must be open; and the names of people who have been deceased must be deleted from voters' lists. What matters most, however, is that President Husni Mubarak give up his position as president of the party. The fact that he is president of all Egyptians should be enough." Dr. al-Saqqa went on to say, "A saying found in a Pharaonic document states that everyone works for the Pharaoh. Even today this statement remains in effect as we see the governor, the director of security, the chief of the administrative district, the chief of police, and even the watchman working for the National Party. Gentlemen, it is time to turn away from this sham parliamentary life we've been having."

Mr. 'Al' Salamat, a Wafd Party assemblyman and assistant secretary general of the Wafd Party said, "The integrity of elections and the veracity of election results cannot be achieved unless several conditions, including the following, are met:

- Elections must be overseen entirely by the Supreme Judicial Council.
- Judges must preside over main, general, and local [village-level] polling places to reassure each voter that his vote will not be tampered with.
- The number of local polling places should be reduced so that the number of voters at each polling place would be approximately 1,000.
- Polling places should be located far from police stations.
- Directors of general, main, and local polling places are to be selected exclusively by the Supreme Judicial Council.

- To do away with the phenomenon of not representing a candidate in a competing village, which is one form of falsifying voters' wishes, a candidate must be represented in the polling place by a principal representative as well as a provisional one provided he is a voter in the electoral district and not a voter in the polling place where he is representing the candidate.
- Voting orally is to be forbidden. In all cases ballots must be cast in writing, and directors and staff of polling places must not infringe upon the privacy of the vote.
- The presence of policemen in polling places is to be prohibited unless the policemen are summoned by the director of a polling place for some reason. In that case their presence should be temporary.
- District-level polling places must take upon themselves the task of directing the polling places where the ballots will be counted. Policemen are not to be allowed inside those places, and the process of counting the ballots is to continue non-stop until the election result is announced. The chairman of a committee which counts the ballots has to inform the Supreme Judicial Council of the result, and a report on the count is to be forwarded the following day.
- The number of polling places throughout the country is to be cut in half so that judicial officials and no one else can serve as directors of these polling places.
- To prevent people from voting more than once, the director of a polling place is to place a mark on a voter's family or identity card to indicate that the individual did vote.

Muhammad Ahmad Labib, a Wafd Party assemblyman said, "The regime's true intent to allow full democracy to run its course is the most important guarantee we are asking for, but that guarantee cannot be provided in a law or a constitution. This can come about only when the regime's practices convince the people that the regime is serious about applying democracy and that it is not spending all its time falsifying the people's wishes."

Assemblyman Karam Zaydan, assistant secretary of the Wafd Party, wondered, "I don't know the reason why the elections law was not presented to political parties. Is there something the government fears if the law is presented to political parties first for their discussion?"

Mr. Zaydan is asking that the new law include a provision allowing total supervision of all the stages of the elections process by the judiciary. He affirms that the purpose of this demand is not to imply a lack of confidence in one agency or another but that its purpose is to assure voters that their votes will be given to their candidates.

'Ulwi Hafiz, a Wafd Party assemblyman, is asking that any 18-year-old citizen be allowed to use his identity card to vote in an election. After voting, a voter's identity card would be stamped by the polling place. This request is being made because present voters' lists are not credible. Assemblyman Hafiz is also asking that all candidates be allowed to hold conferences about their

political programs. They should be allowed to address the public about these programs, and security agencies should not stand in their way. Ballot boxes are to be transported to the main [federal-level] polling places where the final count of ballots is to be carried out under the supervision of the candidates' representatives.

Mr. Hafiz is also calling for consideration of the real geographic division in the country regardless of who stands to benefit from it: candidates of the ruling party or of the opposition parties.

These are the opinions and suggestions of scholars of jurisprudence and people who are concerned about election affairs. Will the government of the National Party take these matters into consideration, or will it find some benefit in ignoring these opinions and suggestions? All average Egyptians are hoping for one honest election. Will the government grant them that wish?

## IRAQ

### Iraqi Immigrants to Israel Discuss Saddam Husayn

90AE0345A Tel Aviv MA'ARIV in Hebrew  
31 Aug 90 p 2B

[Article by O. Petersburg]

[Text] The council of the elders of Babylon meets daily between the hours of four and six p.m. on the wooden benches in the square opposite the Museum of the Heritage of Babylonian Judaism in Or-Yehuda. A regular meeting that discusses the situation that heats up, cools down, and then heats up again in the Gulf region. If Saddam Husayn were invited among them, he would certainly hear, and also understand, a healthy curse.

Sometimes 20 attend, other times, five. All are natives of Baghdad. They speak Iraqi Arabic, recall well-known places, and are known to everyone born between the Tigris and the Euphrates, as if they had been there only yesterday. Except that 40 years have gone by, 40 years that they have been in Israel. Once they would speak longingly of those districts, the great synagogue in the city, and the textile market, reconstructions of which may be found in the museum across from them. But, today—no longer. Saddam Husayn has taken all desire from them.

All of them, without exception, hold worry beads in their hands. This helps them calm down from the tension in the air. Now, the net filler (the name for worry beads in Iraq) has a decisive role. "We take out all of the anger and nerves onto these beads, bead by bead. They are good for this," says Yosef Rahamim, a 68-year-old man who says that he has twenty such sets of beads in his house, and each day he chooses a different one.

If George Bush would take counsel from them, they would tell him to strike the Iraqis without mercy and not to wait another minute. And, in general, the cabinet in

Jerusalem could have learned from them how to conduct a discussion. Each time that someone finishes his say, they clap hands and sometimes even kiss him on the forehead, as if it were decided, at that moment, to go to war. "We talk about everything," says 'Azra' Shabbat, age 66, "but, in the past month, only about Iraq and Saddam Husayn, may his name be blotted out!"

Instead of bringing an IDF [Israel Defense Forces] representative on "A New Evening" to calm the public (unsuccessfully), it seems that one of them should have appeared. "They say that if Saddam Husayn deploys his missiles against Israel, within five minutes they would reach here," says Anwar Ya'al, age 65. "But there is a God, there is nothing to fear. God protects Israel."

They analyze all of the international developments and all of the declarations. More than once they grow angry, and this is accompanied by a few curses. They have witnessed the Iraqi nation first hand. "They were good until they became barbarians," says Re'uven Qatsav, age 70, "but they are dangerous. They have Saddam Husayn, Hitler's child, too much of a dictator." His declaration is accompanied by a clapping of hands and slaps on the back.

"You can't trust a *goy*," says Rahamim Rahamim, age 70. "If the Americans will not fight him now, no one will be able to overcome him within ten years."

His friends wave with their hands in disagreement. "There is faith in the torah, says Re'uven Qatsav. "Israel doesn't even have to intervene. In the torah, it is written that the *goyim* will make war between themselves and Babylon will be erased."

"My heart aches because of Iraq," says Rahamim Rahamim, and his friends return to the old days. "I would sit on the bank of the Tigris, take the water in my hands, and drink. It was so sweet and clean," recounts Yosef Rahamim, "and what fish! You won't find fish like that anywhere else, each one five kilos, costing only ten shekels."

Suddenly, 'Azra' Shabbat bursts out: "Iraq did not remain Iraq. They came and conquered Kuwait, which is a small country. A father can straighten out his son. In the same way, they conquered Kuwait, which was like a small boy. One great, big hero came and struck it. And that's it—I have nothing more to say."

"Bravo, bravo," his friends cry out and he almost blushes.

The MA'ARIV correspondent asks, "Would you like to return to Iraq?"

They answer unanimously, "Only if there would be peace. And even then, only for two to three weeks for a vacation, to see what has changed. Today, it is nice here, in Israel, we have family, friends, and a home. Who needs more."

## ISRAEL

**U.S. Presence Not in Israel's Interest**

*91AE0024A Tel Aviv HA'ARETZ in Hebrew  
14 Sep 90 p B1*

[Article by A. Schweitzer]

[Text] The defense minister believes that Israel's strategic situation has been improved with the arrival of the Americans in the area. Indeed, this appears to be the perception of the man in the street, too, and was even proclaimed in an article by Avner Yaniv ("The United States Is Staying in the Picture," *HA'ARETZ* 28 August). However, precisely when there is such general agreement, we should do well to behave according to the words that the poet Virgil put in the mouth of the Trojan priest Leukon: "I fear the Greeks, especially when they bear gifts."

Before we discuss the fear and the reasons for it, we should clear one misunderstanding: If it turns out that the Americans will indeed destroy the Iraqi war machine, thus spoiling for years to come the appetite of all kinds of despots, big and small, everything I'm about to say will be null and void, cancelled as in "Qol Nidre" ["All my Oaths," Yom Kippur prayer]. Whether the Americans will stay in the picture physically or will go back home is a question still open to much debate. After defeating the present regional "tough guy," the locals can take care of his bequest. And what will happen after another 20 years, only the Lord above knows (unlike politicians and scholars).

Given the circumstances created by the arrival of the Americans, what will happen if Saddam Husayn decides to drop bombs on Israel? Without the Americans, it is doubtful whether he would have dared, for fear of the Israeli reaction. But the American presence may even encourage him to some patently irrational action, and the United States will not then defend us for fear of the Arab coalition ready to rally at the merest hint of cooperation with Israel. Not only that, but the United States will make every effort to ensure that Israel does not immediately react, for the same reason. And even if Israel refuses to comply with the U.S. urging, for Saddam Husayn it's good enough to have created confusion among his enemies, for which he will willingly pay the price of the destruction and death that the Israeli reaction will exact.

By the way, on this point it's worth adding a few comments about the estimated political psychogram of the Iraqi ruler: he prefers easy gains that don't involve much risk—who doesn't? At times his calculations are wrong, and although he doesn't rush to admit it and turn back, the logical and rational element in his thinking continues to serve as the basis for his next moves. He attacked Iran at a time when an internal revolution had laid it flat on its back; and he grabbed Kuwait on the assumption that it was weak, rich, and nobody cared what happened to it. Israel does not belong to the

category of easy prey, and unless it was bound by the restrictions mentioned above, it would have been certain to pay him back as he deserves, plus interest, and that certainty would have been enough to contain him.

Many wiser men have tried and will undoubtedly continue trying to guess how Saddam's raid on Kuwait will end. There are, however, some facts: one of them is the flow of first class American weapons to Saudi Arabia, Egypt, and in the future perhaps to Syria, too. For the time being let's not even consider the scary possibility of this weaponry falling into the hands of some Saudi colonel who has just chased the shaykhs out of there. Even assuming that King Fahd remains firmly on his throne and the princes continue gambling and racing horses undisturbed, Israel clearly cannot remain passive; it, too, needs the balancing allotment of means of warfare. In other words, the arms race was revived by the felicitous occurrence of the Americans landing on Saudi land to ensure regular oil supplies to the Europeans, the Japanese, and everybody else. And we'd better not be fooled by fine nuances between short-term damage and long-term advantage: except for a chance that the Iraqi military potential may be destroyed to the foundation, there is no long-term interest capable of compensating for the escalation of the arms race in the region. What is happening these days precisely under the patronage of our great ally from across the ocean may turn out as a considerable step toward the next war in the area.

All of us stand to gain by having the Americans stay in the picture, but not physically in the area. Assuming that they indeed put Iraq in its place—without which they cannot remain in the area anyway, because neither their own public opinion nor the Arabs and Iranians will put up with their staying—they will go home, and just as well. Once the local bully no longer presents a threat to the area, the area is better off policed by the locals, those who are familiar with the cast and with what policemen call their "modus operandi." Neither will Israel gain by it, because when all is said and done, no one likes to be under the watchful eye of the world policeman.

**U.S. 'Waiting Policy' Praised**

*91AE0014B Tel Aviv 'AL HAMISHMAR in Hebrew  
28 Aug 90 p 7*

[Article by Ya'akov 'Even]

[Text] The Minister of Housing expressed his opinion that for political reasons and also out of fear that world public opinion would "get used to" the conquest of Kuwait, the U.S. should already have attacked the Iraqi army two weeks ago. Waiting, in his opinion, will hurt the Americans.

Then, too, the military commentator for *YEDI'OT AHARONOT* appeared on 'Erev Hadash' and explained that "time is working against Bush." A garrison is a heavy economic burden—so says Ron ben Yishai—and there are also military considerations. Ha'im 'Asa

expressed a similar view during the fascinating symposium in 'AL HAMISHMAR last Friday. But it seems to me that the American waiting period in the Persian Gulf works, very clearly, to the advantage of the U.S.

#### The Economic Burden of Waiting

In fact, it is not a question of an "economic burden" but of two burdens—the cost of waiting and the cost of war. The U.S. president is now tightening the blockade of Iran, and it seems to me, without engaging in a lot of arithmetic, that the American accomplishments to be achieved by tightening the siege will be much cheaper (in terms of blood and money) than the price that war would extract, and there is no need to pursue that further.

We should be precise and note that maintaining a large and far-off expeditionary force is a very great luxury, by any objective standard and certainly by Israeli standards, but not by American yardsticks. In the past the U.S. has already maintained huge expeditionary forces in Europe (in two wars), in Asia, in NATO, on the oceans, in Vietnam and just about everywhere else. For superpowers, since the days of Greece and Rome, maintaining expeditionary forces has been a matter of daily bread. It must also be remembered that the U.S. is suffering from heavy unemployment.

Under these circumstances a large expeditionary force sent far from home to defend important energy resources would really seem like something ordered by the economists to ease the economic and social recession. The incentives likely to flourish over the long-term could cut, and even exceed, the short-term costs and deficit.

#### The Political Sundial

At the summit meeting in Malta the two superpowers divided anew their areas of influence in the world. It turned out that Malta really is alive and even Yalta—Yuk! Since then we have been living in an asymmetric world. There is one "Rome," its capital is Washington and its Caesar takes rests in the spas of the State of Maine and from there dispatches the legions to quell the rebellion in the "Arabian province."

The conflict in the Persian Gulf is, in fact, the first serious test of the Malta summit. The Russian giant is apparently behaving according to the agreement reached there, and even if American intervention in Saudi Arabia is not entirely to his liking (and there aren't too many signs of that), he will not be able, in the short term, to change direction. Meanwhile he has a responsibility, and the American waiting period deepens it, lengthens it and strengthens it, and that is a real accomplishment for the U.S. president.

Another nice accomplishment by Bush is the creation of an international coalition which also grows stronger with the passage of time.

Sometimes the district court tends to hold a powerful accused in prison out of fear that he might "influence the

witnesses." Here we can see how George Bush influences the witnesses, and how Turkey is already hitched to his wagon. The UN adopted a resolution allowing the use of force without a single dissent; the Yemeni representative to the UN abstained but did not object; King Husayn is beginning to toe the line; and every passing day brings with it another accomplishment.

If the great tension in the Gulf continues (without exploding), there is a prospect for the U.S. president to reap the fruits of his internal policy, as well. He could expect, when Congress returns from its recess, for an authorization to raise taxes without having the Democrats remind him over and over of the "No" that he pronounced with closed lips during the election campaign. He might be able to rally support from an all-national backing and consensus before the Congressional elections this coming November. These are two issues, the importance of which cannot be exaggerated.

#### Public Opinion

There are those who say that the result of an extended wait will be the return of the "ghosts of Vietnam" in American public opinion, and the first signs of that can be seen in the media. I don't accept that forecast because there is no similarity between the Persian Gulf and Vietnam:

- In an asymmetric one-superpower-world, the plunge into war does not necessarily carry the danger of world war. In that sense, the Persian Gulf is entirely different from Vietnam.
- The Gulf, like Vietnam, is out of sight, but, unlike Vietnam, it is not far from the pocketbook. Energy resources are not an abstract issue. It is a real issue, well understood by every car owner, and we have said that to every U.S. citizen. This time it is easy for the administration to explain to the voter what our "wonderful boys" are out to achieve in a far-off land.
- In any case, even those who most fear an armed conflict can see with their own eyes that their president is imposing a siege. He is trying all kinds of diplomatic means, he is exerting various types of pressure, and he is making noises about flexibility, a willingness to negotiate, whatever.

A war that breaks out after all those efforts will be accepted with more understanding and sympathy by a U.S. public opinion that has graduated from Vietnam. That is also one of the advantages of waiting.

#### The Process of Military Battle

Since it is a question of two actors, we must also consider what the Iraqis are doing all this time in the military arena. They are certainly digging in, mining, fortifying, drilling. But the Iraqi attack was planned, while the Americans were surprised and had to act from the beginning. Therefore the waiting, from a military point of view, may seem important for the Iraqi soldiers, but for the American soldier it is absolutely essential.

First of all there is a long and complicated technical filing list that cannot be skipped over:

- gathering naval and air power;
- gathering land power, including heavy equipment, and deploying it in Saudi Arabia;
- and canceling global preparedness and focusing power on a specific arena.

This is not a short process. It begins with the putting together of: maps, intelligence, aerial photos and their distribution to the troops; learning the enemy and updating focal points and routes for distribution; testing weaponry in the desert; scouting; evaluating the state of readiness; engaging in war games and final drills in the real arena, etc. Furthermore, precise coordination and joint drills with the armies of the coalition and with the Saudi host army [need to be undertaken].

Second, there is also an informal, but very important, timetable and that is the timetable for acclimatizing.

In the 1970's I served for several (good!) years in southern Sinai. The Command was in Sharm-a-Shaykh and I had to absorb and drill dozens of units (regular but mainly reserve) who came to serve in our sector. Believe me, to get on a plane at Ben Gurion airport, or in Florida or Alabama and fly, land and get out in absolutely dry air where it is 46 degrees centigrade in the shade, is a step that requires both physical and mental acclimatization. Soldiers react sharply to such radical changes. Many come down with diarrhea, many suffer dehydration. The commander tells the soldier: you have to make sure you drink at least 16 liters a day! But the soldier doesn't know from experience and is not psychologically prepared to drink that much the first few days, and then, in general, where the hell is the spigot? Immediately there are a lot of IV's. The medics get used to their equipment and drill with it in new and different situations. The same is true of the radio operators and the ammunition and maintenance people, in fact everyone.

It is also a question of social acclimatization. The crews are organized in an ad hoc manner according to their new missions. Unfamiliar people arrive: a naval communications officer; an artillery communications officer; an aerial communications officer; helicopter pilots; R & D representatives; psychologists and they all are suddenly in your battalion! Even a change in basic attitude on the part of the reservist takes time. The transition from bank clerk to a destroyer of Iraqis is short in Israel, but even in Israel we well remember how the period of waiting, the acclimatization and the drills contributed to the efficiency of the army during the three weeks at the end of May and the beginning of June, 1967. (My God, how different everything would have been if we had had another three weeks of respite to get ready for October, 1973.)

Saddam Husayn has already played all his cards. Now he is cornered, determined not to return Kuwait and the ball is in Bush's court.

Bush could have taken the advice of the Housing Minister and reacted with an encounter. But it seems he chose to wait like an adult, to do whatever had to be done and afterward "take the initiative." Thus far Bush has shown himself to be very intelligent. His determination and diligence still need to be proven. We, from the depth of the low profile, can only say to him "Right on!"

### Iraq Said Less Threatening Than It Appears

91AE0014A Tel Aviv HA'ARETZ in Hebrew  
23 Aug 90 p 1B

[Article by 'Eli'ahu Salfter]

[Text] A pessimistic forecast has a double advantage: in most cases it is likely to be realized, and when it turns out to be wrong, people are very happy to forgive and forget. But even without risking optimism, one can point to a number of facts that cut Saddam Husayn and the threat he poses down to size.

The description of the dictator from Baghdad as "a new Hitler" is patently ridiculous. It lends superfluous credence to exercises in fear; there is simply no comparison between the two. Even after its defeat in World War I, Germany remained the second largest country in Europe. It again developed an advanced industrial base and had one of the most educated and cultured populations.

Iraq is a medium-sized Arab country with a backward population; it is a country entirely lacking in resources apart from oil (which provides wealth, but also drawbacks), without a serious industrial base, which can supply all its inhabitants' needs only in figs and dates.

Saddam's nuclear threat is still in the future. It is relevant to the present crisis only because it points up in such a frightening way what awaits a world that does not stop him. Democracies are always slow to wake up and quick to fall asleep. But the awareness of the nuclear danger is now accelerating the need to get rid of him before he gets his hands on the bomb.

The Iran-Iraq war gave rise to several legends that need to be buried.

The image of a "million Iraqi soldiers" has more hypnotic power than real force. The big Iraqi army was, when you get right down to it, a failure in every area except its ability to hang tough in a defensive posture and in its military engineering capability. Even in the last years of the war, the Iraqi soldier, for all his much touted battle experience, did not excel against the fanatic Iranian fighters.

Most of the Iraqi armor is made up of obsolete Soviet models or models of Chinese manufacture with fire limitations when in use. The Iraqi air force was a disaster against Iranian pilots, even with their few airplanes lacking in ammunition and spare parts. Most Western

military analysts believe that under equal supply conditions, not only the Turkish and Iranian armies, but even the Syrian army could stop an Iraqi offensive.

Even the legend of the Iraqi people's enormous ability to suffer needs a second look. With a tyrannical, ruthless regime on the one hand and a portion of the enormous Arab aid package for generous supplies directed toward his citizens on the other, Saddam was able to neutralize any signs of opposition. The stores were full. Families of victims received an automobile as a consolation prize. The situation would likely be different under economic siege conditions when the regime's terror would also be directed at ruling circles.

But the biggest lie of all was that of Iraq's victory in the war. Baghdad didn't win; Tehran lost. The Americans were the ones who defeated Iran by assuring Iraqi oil exports and by striking at Persian exports. East and West competed in supplying the most modern weapons to Iraq in exchange for billions from Kuwait, Saudi Arabia and the principalities, while Iran sought supplies on the black market. The fact that it was vital to block Khomeini doesn't win any garlands for Saddam Husayn and his army.

Even with regard to the present situation we need to keep things in proper perspective: Iraq is a country under effective siege (even cracks in the siege do not cover the lack of regular supplies). Oil exports, which are almost the only source of income, are blocked. The food supply is estimated at two to three months. The French and even the Soviets have supplied the U.S. information not only about the kind and capabilities of weapons they sold to Iraq, but also regarding the inventory Baghdad has available.

There is no making light of popular Arab support for Saddam. However, it is worthwhile to look at the connection between the power of demonstrations and the Palestinian and fanatic Islamic presence, especially the connection between the presence of TV cameramen and the impression received in the West. There is no reason to think that Mubarak is any less of a hero in the eyes of most Egyptians than Saddam is in the eyes of most Iraqis.

It will not be easy to maintain a two-way economic embargo of the country when many people have a political and especially an economic interest in violating the sanctions. But the question is not if an Iraqi supply ship will manage to get through or if an Iraqi container ship will manage to avoid the ships supervising the siege: That won't save Saddam Husayn. The key is to ensure that he cannot sell the Iraqi and Kuwaiti oil so that he will lack the wherewithal to purchase merchandise, spare parts and weapons. That can be assured militarily, economically and politically, because there is a surplus of oil in the world. The situation in the oil market will change only if Saddam attacks Saudi oil sources—and the American army.

It might be said that foiling the Kuwaiti conquest is the last opportunity to break Saddam Husayn before he moves out on a campaign of conquest within the shadow of nuclear weapons. It might also be said that this is the first time the world can deal with the aggression of a reckless local dictator—without the restrictions imposed by the confrontation between the superpowers. This is the first instance, perhaps, since the beginning of the last century, when a unipolar world order seems to be consolidating, headed by the U.S.

It may be exaggerated to hope for quick, easy smooth success on the first attempt. Israel does not have a lot of time to wait for total success on the second attempt. But even from Israel's point of view, the most important thing is that the nations of the world cannot live with Saddam Husayn and his moods—and this time they understand that.

#### Need for Real-Time Satellite Imagery Discussed

91AE0006A Tel Aviv YEDI'OT AHARONOT in Hebrew  
17 Sep 90 p 27

[Article by Arye Egozy; box by Dany Sade]

[Text] Against the background of the threats of Saddam Husayn, it is not difficult to understand why Israel asked the United States to establish, in Israeli territory, a reception station where Israel can receive information directly and in real time (i.e., as soon as the information is picked up) from American intelligence satellites over the Middle East. To the same extent, it is not difficult to understand why the United States has refused to comply with the request: Elements in Israel explain that the American refusal is based on Washington's fears that such information would enable Israel to take independent action that is not coordinated with the United States.

"Imagine that an American satellite photographing Iraq's territory reveals the Iraqis positioning their Scud B missiles on their launchers and beginning launch preparations. Such information reaching Israel in real time would enable Israel to carry out a preventive attack. This is exactly what the Americans want to prevent. They want to be in the picture, so that Israel is part of their general effort, not an independent body in the field," a well-informed source told me several days ago.

Since Iraq's invasion of Kuwait, American spy satellites are focussing their lenses and other sensors on the gulf region. These satellites transmit a continuous flow of images and other "indications" to the Central Intelligence Agency's center and to other intelligence bodies in the United States.

Over the years, the United States has placed in space several types of spy satellites that provide it with a continuous picture of military and other activity in areas defined as "interesting." These satellites, several of which are relatively old, have, in effect, almost replaced intelligence aircraft.

Satellites are classified according to the sensors mounted on them. There are satellites whose main equipment are cameras that are able to photograph from a distance of hundreds of kilometers and to send pictures to a reception station.

Other satellites pick up infrared radiation that is likely to indicate the intensified activity of hot exhaust systems, such as tank engines and missiles. There are also eavesdropping satellites that bend a very selective ear to frequencies that are liable to reveal intensified military activity.

The information flowing from all of these satellites is the raw material that is delivered for processing by special computers operated by experts in all relevant fields.

It is not sufficient to detect a spot of heat at an Iraqi missile site. A decision must be made as to whether this spot originates in missile launch preparations or is just a fire set in a field or a brushfire in the area.

Observation satellites, or those that carry different sensors, are usually positioned in orbits whose altitude above the earth fluctuates between several hundred and several thousand kilometers. Eavesdropping satellites, by contrast, are positioned at much higher altitudes; some of them are at an altitude of 36,000 km above the earth.

Such eavesdropping satellites, like the "Vortex" and the "Magnum," are usually positioned at a point that enables them to pick up radio signals traffic in the area of the Soviet Union. It is estimated that, since the start of the gulf crisis, radio signals have been sent to these satellites, causing their antennas to turn toward the Persian Gulf as well.

Such an eavesdropping satellite, which picks up local and regional radio traffic, is able to transmit to Washington, within seconds, a radio conversation between the commander of an Iraqi brigade and the commanders of platoons and other forces. If the conversations are not coded, they must of course be translated from Arabic into English, and if they are coded, it is necessary to break the code, which is done with the aid of a supercomputer that is fed with code-breaking programs.

When Israel launched into space the Ofeq satellite, many newspapers in the world wrote that the effort was intended to enable Israel to position a sophisticated spy satellite above the region. Experts, whose remarks were subsequently published in many professional journals, argued that only by having its own satellite can Israel receive all the real-time information it needs for the purpose of early warning, especially of a ground-to-ground missile attack. The two Ofeq satellites that were launched into space were defined as "experimental satellites." However, there is no doubt that Israel is closer now than ever to having an ability to launch an independent satellite. At this stage, Israel still needs

information gathered by American satellites. This information is currently transferred in a selective manner, and not in real time.

However, intelligence experts in Israel prefer to receive raw material over processed material. "Every intelligence expert in the world prefers to receive the original raw material and to treat it himself," states an intelligence expert.

[Box]

#### An Expert: "The Americans Want a Hand on the Faucet"

Security elements in the IDF [Israel Defense Forces] stated yesterday that they were not surprised by published reports that the United States does not intend to respond to the request of Israel to supply it with real intelligence from satellites on what is happening in the Middle East and the Persian Gulf. "The United States has many reasons not to give Israel this information," stated a senior IDF officer, who added: "At the bottom line, it could be said that they do not completely trust us to share with them what we would be likely to do with this information."

The information received from satellites, which is information in real time, is most important to Israel, especially in view of Saddam Husayn's threats to use missiles and chemical weapons against Israel. "For years there was a thesis that it is possible to receive a 24-hour to 48-hour warning and still be able to mobilize reserve forces," explains Ze'ev Eytan, a senior researcher at the Center for Strategic Research. "However, this is not correct regarding what is happening now."

"Now, you cannot wait for a 24-hour warning and then mobilize forces. At present, a ground-to-ground missile can reach Israel from Iraq within a few minutes. Warning of the arrival of a missile attack is needed to facilitate an immediate counter-blow, before the second missile salvo. The American spy satellites have sensors that can ascertain the real-time exit of missiles from their launchers. If Israel had this information in real time, it would be able to alert people to go down into the shelters (in the event of a conventional missile strike) or to take other actions to protect themselves. Advance knowledge of the launching of missiles would allow Israel to prepare a counter-strike and to actually destroy, within a few minutes, all of the missile launchers and missiles while they are still on the ground."

If so, why is the United States unwilling to grant Israel the possibility of receiving information directly from its satellites?

Eytan commented, "It is very convenient for the Americans to be able to keep their hand on the faucet. They are the ones in charge, and they want to know about everything that they give, and to give only what they want. In addition, the large immigration from the Soviet Union must be remembered. There is certainly fear that

perhaps some of those arriving in Israel are spies, in which case the information would reach undesirable elements." In any case, explains Ze'ev Eytan, Israel must develop its own intelligence satellites. Even if the United States allows Israel free access to its spy satellites, it would not be at no cost.

"The Americans would demand full compensation for the use of the satellites. This could be in the area of the exchange of intelligence information, or the United States could ask Israel to inform it in advance of what it intended to do with the information. Or—and this is especially probable—the Americans could make political demands on Israel. The experience of what is happening now regarding arms deals highlights one thing that should not be forgotten: Just as the United States could give us intelligence information from satellites on what is happening 'there,' so could it also someday give information 'to them' on what is happening with us. This is certainly not desirable for Israel."

#### Economic Forecasts for New Year Given

91AE0003A Tel Aviv MA'ARIV (Business Supplement)  
in Hebrew 18 Sep 90 pp 4-5

[Article by Ester Goldberst, with contributions by Adar Avishay, Yohay Refa'ely, and Udi Nahshon]

[Text]

#### Banking: Amiram Sivan, General Manager of Bank Hapo'alim

The past year marks two years of a deep slowdown in the Israeli economy, amid a steep rise in unemployment to a level of ten percent of the labor force. However, at the same time, it is also a turning point in light of the growing volume of immigration.

Banking is also suffering from a contraction in the volume of its activity due to the slowdown in demand in economic activity.

The impressive increase that is expected in the size of the population, the expansion of activity entailed by the absorption of immigration, and the allocation of resources to young people, will cause a substantial expansion in the volume of the banking activity. The great challenge to the banking system will be to mobilize sources in the billions of dollars that are required to build housing units for immigrants and young people, and to subsequently finance the acquisition of these apartments.

The economic plan will require the banking system to mobilize additional foreign currency sources in amounts that are several times greater than in the past. The banking system must organize itself to examine investment plans in the different branches of the economy along with financing for them.

These needs will produce significant changes in the capital market due to the increase in the price of financial sources in shekels and foreign currency, and consequently, an increase in the price of credit. There is a need for a policy that will regulate the increase in interest rates. The governmental policy must encourage savings in the economy in order to reduce the great need for foreign currency, because the ability to mobilize foreign currency is limited.

#### Computers: Gil Weiser, General Manager of Digital Israel

We predict nice growth in the volume of business, relative to last year. On the whole, the rate of growth of the computer market will still be slow, and the competition will continue to be high, just as it was last year. There will be a significant increase in the activity of Digital Israel in the area of exports. In this context, we expect additional alliances with partners in Israel, including software firms, information storage industries, and other suppliers.

We will export Israeli programming solutions to financial and industrial bodies in Europe and the United States. We will also export Israeli computerized systems to the developed states, and an Israeli communications base, through World Digital, to the entire world.

On the whole, I expect a successful business year with very many new activities being undertaken by the company abroad and in Israel. The Israeli ability to provide computerization solutions in Israel and abroad has improved significantly and is providing us with the possibility of reaching new clients. We are also beginning to understand how to correctly market Israeli products abroad, an area in which we were lacking in previous years. We are now at the beginning of the road in this area.

#### Advertising: Shmu'el Varshavski, a Partner in an Advertising Firm

We are now working on the so-called "Me Too" market. In other words, most products are similar to each other and none of the marketers are sophisticated. Therefore, the market requires more advertising. That is one aspect. Another is that we have made the transition from a producers' market to a consumers' market. In order to court the consumer, advertising budgets are being increased.

Alongside these issues, it is also necessary to remember immigration from Russia, commercial television, and the growing awareness of media consumers, which produces new patterns of consumption. We are already seeing the first buds in the advertising branch:

- An increase in the advertising of shelf products, especially food.
- We are beginning to deal with improving the images of public bodies, and governmental institutions and

bodies, an area that has been neglected because of the slowdown.

- I expect that competition between banks will intensify.
- Competition will increase between fuel companies for the drivers' market.

#### **Commerce: Yosy Rozen, General Manager of Co-op**

I expect that, in the coming year, in contrast to the last two years, which were slow years, we will feel growth. We are preparing by planning our work and responding to the additional demand in several ways: First, the expansion and improvement of existing branches and the planning of new branches in areas that are designated for the absorption of immigrants. We are striving to channel consumers toward fresh products, such as fresh cakes, and baked goods. We are also promoting awareness of fruits, vegetables, and ready-made food.

I estimate that the level of private consumption will increase by five to six percent in real terms, and that Co-op will experience real growth of close to ten percent. We are preparing for immigration on two levels: the absorption of immigrants as workers and as consumers. A portion of our advertising campaigns in the coming year will be directed at new immigrants.

The coming year will be the year of pasta. Many have talked about this product, and there will be an all-out war between Ossem, the leader, and a series of importers. The end result will be an increase in consumption.

#### **Entertainment: Avi Yifrah, Producer of Performances**

First of all, it is impossible to know how the branch will look in light of the economic decisions. I assume that established events such as the Jazz Festival, the Israel Festival, the Arad and 'Akko events, and other such events, will continue to be held. Events not aimed at making immediate economic profit, but at promoting a certain cause will be produced. In contrast, I have no doubt that events aimed at making a profit—those that target youthful audiences—will suffer much from the economic situation.

I do not estimate that appearances aimed at the high socio-economic layer will be hurt. Part of the bread and butter of this layer is culture, and this layer will not be willing to give up exclusive appearances.

#### **Industry: Dan Profer, General Manager of Ossem**

To my regret, the backdrop to our activity in the coming year will be a protracted slowdown and unemployment fed by the growing waves of immigration. The immigrants are still not felt as consumers, and therefore, they do not add to consumer demand significantly.

In continuation of the first half of 1990, in which Ossem grew at a rate of 11 percent in dollar terms, compared to the first half of 1989, I expect moderate growth in the company's cycle at the end of this year and next year as well. The expected growth, which is on the order of 15

percent in dollar terms, will be based on the development of new products in Ossem's traditional areas, and the expansion of new areas (Mitzli and additional 'Asis [fruit juice] products).

We will also see the continued expansion of exports. Ossem is entering into cooperation with an international European company to market products in Europe with a view toward 1992. In Eastern Europe, we are exploring, in depth, joint factories with local elements.

#### **Fuel: Aryeh Levy, General Manager of the Paz Company**

Fifty percent of the expenditures of the Israeli fuel economy depend on crude oil prices in the world. No one can guess how they will fluctuate in the coming year. However, ultimately, they will effect the domestic economy more than any other factor.

It is to be hoped that, after the spin and the loss of control in the fuel and gas market due to the hurried reforms implemented in 1988 and 1989, we will reach a situation in which the defects that are causing instability in the branch will be corrected. If the defects are not corrected, supply security and consumer welfare will be damaged.

#### **Privatization: Ze'ev Refu'a, Director of the Companies Authority**

I believe that, in the coming year, we will obtain \$0.5 billion to \$1 billion in income from the privatization of companies. This will be a real breakthrough in the privatization process. We are working on two levels: the sale of shares in governmental companies to private investors, and the subscription sale to the public through the stock market. We are currently in the sale phase to private investors, specifically, we are in the advanced stages of selling shares of Israel Chemicals, the refineries, and Mivne Ta'asiya.

We are dealing with a number of small issues, the largest, most significant being the floating of Bezeq. I am still optimistic, and think that we will conclude the Israel Chemicals deal next year, despite the opposition of elements within the company. We will also conclude the refineries deal and the Mivne Ta'asiya deal in the coming year.

I am sure that the first issue of Bezeq, which will come out in the coming days, will open the way for additional issues regarding Bezeq. This is only the first share, involving the sale of six percent of the company. I believe that we will be able to sell an additional 25-45 percent of it in the coming year.

Toward the end of the year, we will sell the first share of the Electric Company, and we will also take up the privatization of the Qatna companies.

**Stock Exchange: Yissakhar Kaufman, Manager of Eyalot Discount**

It is still not clear how the capital market will come out of the new economic plan. According to the initial data, it seems that the pension funds and the savings plans will accumulate less savings, but the damage to the pension funds will not be serious. After adjustments in the short term, the capital market can enjoy the economic plan. Because high growth rates are envisaged, the capital market will be stimulated partially through the stock exchange. The expansion of the pension funds' free investments can make the bonds of concerns more attractive. If they succeed in maintaining suitable price levels of issues, so that the business sector can mobilize money on easy terms, this will also help the capital market. What will happen in the shares market? Who can allow himself to predict. The private investors will not be damaged by the levying of taxes. However, there are other influences, and the stock exchanges in the world are currently responding to any movement in the gulf. The business sector in Israel is about to receive a stimulating injection, and, on the whole, this seems positive to the stock exchange.

**Television: Oren Toqtali, the Manager of the Second Channel**

Last year saw the completion of legislation regarding the establishment of a second radio and television authority, known as the Second Channel Law. In the new year, the government will appoint the authority's council, and will thereby signal the start of the operation of the new authority.

In the first year of its operation, the authority will focus on preparing to auction off three Second Channel operating concessions. The authority will also deal with the detailed planning of its operational needs, and directives regarding the activity of concession-holders. The authority will also plan the News Company, which will broadcast news programs on the Second Channel.

During the coming year, pressures will mount to stop the creep of advertising into public service programs on general television. Advertisers will exert pressure to introduce advertising to the Second Channel immediately.

After advertising is introduced, broadcasting hours will be expanded, and there will be more Israeli productions, including programs for immigrants. At the same time, with the increase in money for the Second Station, the

station will acquire more transmitters, which will be positioned in all parts of Israel and will enable another half million people to watch the Second Station by the end of the year.

**Agriculture: Peretz Ben-Yehoshua, a Farmer From B'er Toviya**

Because of planning, the dairy branch is sufficiently stable. Each dairy concern is allowed to market, at predetermined prices, a fixed amount of milk. Therefore, there are no surpluses in the market and the price responds to the demands. One can manage in the milk branch. Regarding the meat branch, I am very fearful, because of the importation of frozen meat.

Whenever there was a devaluation, the price of frozen meat increased somewhat. [Although] for a long time now, they have been packing frozen meat at the same price, which lowers the price of fresh meat.

This year witnessed a certain recovery regarding fresh meat, but regarding the coming year, I do not believe that people will buy fresh meat at the salaries they are earning. They will prefer frozen meat because of the prices.

In my opinion, the farmers are taking linked money plus ten percent interest, while the agricultural index lags greatly behind the general index. I am afraid that the same thing will occur in the coming year, so that we will in effect be paying 15 percent interest, which we will not be able to tolerate. Many farms are already collapsing because of interest. I am afraid that this process will continue in the coming year.

**Vehicles: Yisra'el Qaz, a Volvo and Honda Importer**

I believe that more cars will not be purchased in the coming year. Nonetheless, I expect that those who purchase cars will move up to a higher level of specifications and accessories, because buyers have learned that they do not have to buy the minimal level of upgrade that an importer offers.

I do not think that immigration will generate an increase in sales, because it is clear that the overwhelming majority of the immigrants are arriving without the money needed to buy a new car.

Who knows, perhaps a war is to be expected soon. That would certainly not have a positive effect on the market. We are planning to present sportier and more attractive models. Therefore, in my opinion, Volvo and Honda, at the very least, will have a good year.

## INDIA

**Report on V.P. Singh's 23 Sep Speech to Party Workers**

*91AS00864 Madras THE HINDU in English  
24 Sep 90 p 9*

[Text] Madras, Sept 23—The Prime Minister, Mr. V.P. Singh, today scotched speculation that the National Front Government might opt for a midterm poll.

He said certain people had become jittery after seeing the anxiety of the Janata Dal to fulfil its promises one by one. The National Front had no intention of going in for a snap poll. He however made it clear that the Janata Dal was not afraid of going back to the people to obtain a fresh mandate.

Addressing party workers at Valluvar Kottam, Mr. V.P. Singh said the real strength of the Janata Dal lay in its cadre, who had the responsibility of carrying the message down to every town, village, and hamlet. Whatever the Government did, it could not reach the people. The only channel was the party whose importance could not be described in adequate terms.

The Prime Minister likened the Janata Dal to the foundation of a building. There might be ups and downs in any political party but what lent the strength to it was the unity of the cadre. An earthquake might bring down a building but could not affect its foundation.

**Commitment to people:** He said the National Front was committed to fulfil certain aspirations of the people with the support of friendly parties. Being in power was not its only goal. It was only a means to carry forward the goals the present Government at the Centre had set before it. The Government might remain or go but the struggle to set right social inequalities would not be given up.

The Prime Minister said it was wrong to say that the recommendations of the Mandal Commission were not based on economic criteria. The Commission had taken into consideration economic factors apart from social and educational backwardness, interests of the sections of society which were dependent on manual labour and others whose assets were below the 25 percent of the State average.

Saying that the fears of the anti-reservationists were exaggerated, Mr. V.P. Singh said the Government had the interests of all sections of the youth and would not allow anyone to go astray. The Mandal recommendations were only aimed at correcting the discrimination that had been going on for ages. It was not a gift to any particular section.

The Prime Minister said the Janata Dal was a unique experiment and the federal approach was well reflected in the structure of the National Front. He knew the difficulties faced by the party unit in Tamil Nadu, he said.

**Alliance with DMK [Dravida Munnetra Kazhagam]:** To walk alone was easy but marching in step with others required practice and coordination. "Janata Dal has to grow in its own right. At the same time for such an exciting and most challenging political experiment, we have to get the cooperation and friendship of the DMK in the larger interests of the nation. Some people may not appreciate my point of view. I know their feelings well. In spite of difficulties we have to forge ahead with mutual cooperation between the DMK and the Janata Dal," Mr. V.P. Singh said.

The Prime Minister appealed to the party cadre to iron out their differences through discussions and speak in one voice. He was confident that the party would grow. What was essential was to champion the cause of the poor and the needy, he said.

Many promises fulfilled: The President of the Janata Dal, Mr. S.R. Bommai, said the party had fulfilled many of the important election promises and this included restoration of the independence of the media and judiciary, conferring constitutional status for the commission for S.C. [scheduled castes] and S.T. [scheduled tribes], setting up of Inter-State Council, passing the Lok Pal Bill, establishment of commissions for the welfare of youth and women, etc.

He added: "No party after independence has taken its election manifesto so seriously and tried to implement it within a short time. But much more needs to be done." He sought the cooperation of the party workers for fulfilling the remaining election promises.

The Prime Minister had taken the right step in implementing the Mandal Commission report. The party workers should explain the aims behind its implementation to the people who opposed it.

He appealed to the Dal workers to forget "groupism" and their "past associations" and work as one family. "Discipline is our first priority and we will not tolerate indiscipline from any quarter," he said. The Janata Dal faced teething problems but had now emerged stronger and united. "Is there any party in our country which had asked the Haryana Chief Minister to resign twice and he also resigned? Is there any instance in a democratic country where the Deputy Prime Minister, after being dropped from office, comes to party office and raises his hand for the motion to express confidence in the Prime Minister?" Mr. Bommai asked. Dissent was the essence of democracy in which the Janata Dal believed. But he warned the Janata Dal workers not to rush to the Press about party affairs which should be discussed in its fora alone.

Mr. Bommai wanted all the Tamil Nadu Janata Dal workers, whether they belonged to the erstwhile Congress(O) or the Socialist party to dedicate themselves to the party. They were the true followers of Kamaraj. Their emotional integration might take some time and so they had to be careful.

The Union Minister for Labour and Social Welfare, Mr. Ram Vilas Paswan, said vested interests were trying to instigate agitations after the announcement on the implementation of the Mandal Commission report, which tried to "wash away the sins of the Manusmriti in the past," he said. "The Government will not bow down" to the anti-reservation agitationists and he knew from where they came.

Mr. Paswan referred to the Congress(I) President, Mr. Rajiv Gandhi's "three-hour lecture" in the Lok Sabha on the Mandal Commission report and alleged that Mr. Gandhi was trying to take away the rights of the backward classes and the Scheduled Castes.

The Union Minister of State for Human Resources, Mr. Chimanbhai Mehta, wanted the Janata Dal cadre to remain united.

Mr. Bhagey Goverdhan, Union Minister of State for Planning, said Tamil Nadu had pioneered reservation for the backward classes.

Mr. Rajmohan Gandhi, MP [Member of Parliament], wanted the Janata Dal workers of the State to play their role in realising the dreams of Mahatma Gandhi and Kamaraj, ending the exploitation of man by man and tackling hunger.

The President of the State, Janata Dal, Mr Sivaji Ganesan, said lakhs of people were behind the Prime Minister in the implementation of the Mandal Commission report. Workers, peasants and Janata Dal cadre of Tamil Nadu were also with him on this issue.

A resolution of the meeting, read out by the general secretary of the State unit, Mr. V. Rajasekaran, thanked the Union Government and Mr. Singh for the steps taken towards implementing the Mandal Commission report. It appealed to the youth to ponder over the plight of the poor who had been denied for long their due share in advancement.

#### **Singh Addresses Defense Regional Commanders**

9IAS0069A Madras *THE HINDU* in English  
20 Sep 90 p 9

[Text] New Delhi, 19 September—The prime minister, Mr Vishwanath Pratap Singh, has said that Pakistan's efforts to aid and abet terrorism in Punjab and Kashmir continue unabated and regretted that there has been no positive change in Pakistan's outlook towards India. Addressing the annual combined conference of the regional commanders of the Army, Navy and Air Force, Mr Singh said that India was nevertheless committed to the development of friendly relations with all its neighbours, including Pakistan, and to the resolution of outstanding issues through dialogue.

The prime minister told the officials of the five regional commands of the Army and Air Force and three Naval fleets that India was concerned over the situation in Sri Lanka which had resulted in the influx of refugees into

Tamil Nadu. Some positive steps had been taken in the recent past to strengthen India's relations with Bangladesh and the signing of the Indo-Nepal agreement in June this year "paved the way for the improvement of Indo-Nepal relations."

Outlining the steps taken to improve Sino-Indian relations, Mr Singh said that one indicator of this was the two high-level delegations visiting China this year and an equal number coming from China. He expressed the hope that the Joint Working Group meetings would "pave the way for friendly and improved relations between the two countries."

Among the others who attended the conference were the minister of state for defence, Dr Raja Ramanna, the defence secretary, Mr N.N. Vohra, the scientific adviser to the defence minister, Dr V.S. Arunachalam, and other principal staff officers of the Army, Navy, and Air Force.

Mr Singh said that the national security scenario called for the utmost vigilance on the part of the nation as a whole and the defence forces in particular. In Jammu and Kashmir the security forces would need to continue effective measures to check infiltration of Pakistan-trained youth along the LOC [line of control] while maintaining pressure on the militants along the Valley.

#### **Resource Crunch**

The prime minister emphasised the need for intensifying the on-going efforts to optimise the resources available for defence more so because of the strain on the nation's economy on account of the Gulf crisis. He called for a thorough review of manpower and related aspects. He said that the Arun Singh Committee was undertaking an in-depth examination of the resources utilisation and would recommend cost-effective procedures and processes.

The minister of state for defence, Dr Raja Ramanna, said that there was need for closer interaction between the various agencies concerned with national security. He also urged improved understanding between the defence production and research units on the one hand and the three Services on the other. Earlier the three Service chiefs made presentations to the prime minister on the current security scenarios, the state of preparedness of the three arms of the Services and the progress of the modernisation programmes being undertaken.

#### **Controversy Over Implementation of Mandal Report Told**

**Singh, Gandhi in Lok Sabha**  
9IAS0066A Madras *THE HINDU* in English  
7 Sep 90 p 4

[Article: "Caste not Basis, says V.P. Singh"]

[Text] The prime minister, Mr V.P. Singh, tonight asserted that the government's decision to implement

reservation of jobs to the Other Backward Classes was based on sound considerations to determine the beneficiaries and was not based on caste as alleged by the Opposition.

In a 90-minute reply to the 2-day discussion in the Lok Sabha on the Mandal Commission report, Mr Singh said a wrong picture had been presented to the students and youth that the reservation would be based on caste and not on economic consideration. While forcefully asserting that there was no question of change in its decision, Mr Singh said that the Mandal Commission had taken educational, social and economic factors into account in drawing its conclusion.

Mr Singh also said that the government would invite students and youth participating in the anti-reservation agitation for holding a dialogue and to explain to them about the implication of the reservation quota.

#### **Majority Still in Poverty**

The prime minister, who was replying essentially to the 3-hour speech by Mr Rajiv Gandhi, leader of the Opposition earlier in the evening, said though several measures had been evolved for removing poverty the vast majority of the population still remained poor. Reservation of jobs was one of the means through which the backward classes could aim to equitable representation in political power structure, which had been denied to them for ages.

The implementation of the reservation quota will not perpetuate caste system. It was still there despite several laws to abolish it had been made. [as published] The root cause of its continuance was poverty for which reservation was a panacea.

#### **Poser to Rajiv**

Stating that the Congress(I) wanted to stall the proposal even without allowing the benefits to accrue to the backward classes, Mr Singh reiterated his demand to Mr Gandhi if the States ruled by his party would reverse the criteria of caste for reservation. Mr Gandhi admitted that his party had made mistakes in the past but what the National Front Government was doing would only fragment the country.

Mr Singh who was interrupted frequently by the Congress(I) members on many of his references to the party's policies, told the House that the announcement of the implementation of the Mandal report had not been done in haste. It had been discussed at both the National Front Party and the Janata Dal meetings. It had also been included in the Front's election manifesto.

Answering point by point clarification sought by Mr Gandhi, who had in his marathon speech quoted extensively from the Commission's report to pick holes in its recommendations, Mr Singh also quoted from the report to assert that the reservation was not made only on caste basis as pointed out by him.

#### **Other Religious Groups**

Mr Gandhi had pointed out from the report to say since 78 percent of the most of the respondents had told the Commission that caste should be accepted as a criteria and only the remaining favoured castes as a sole criteria, the government should take into consideration other factors such as social, education and economical backwardness for providing reservation. He also said that backward classes were prevalent among other religious groups and not in Hindu community alone, they should also be included in the list for job reservation. To this, Mr Singh quoted relevant section of the report to say that they had been included in the backward classes.

The Mandal Commission had said that to remove poverty and imbalance in the society structural changes were necessary like land reform and mere palliatives of providing jobs and financial assistance would not help achieve the objective. Mr Singh said his government had already taken steps in this direction and the government had brought Land Reform Act in the ninth schedule of the Constitution. It was working on a legislation on Agricultural Labour and since employment was the biggest problem, priority had been given in the Eighth Plan.

#### **Rajiv Accuses P.M. of Being Obstinate**

PTI, UNI report: Mr Rajiv Gandhi, charged the prime minister of taking the country to the "edge of a caste war" by his "obstinate" stand on the issue of reservation for backward classes. "Let's not have one man's obstinacy holding India to hostage when our children are getting killed on the streets," he said in a hard-hitting 150 minute speech.

Amidst repeated interruptions and heated exchanges with the ruling benches, Mr Gandhi declared that his party was against the benefit of reservation being cornered by the dominant and the affluent among the backward classes at the cost of the poorest of the poor.

He wanted to know on what basis the Commission and the government had decided to treat caste as the sole criterion for the reservation benefit. The 27 percent reservation decision was taken because of the developments within the Janata Dal and not with the intention of uplifting the backward classes.

#### **Data Not Accurate**

He dwelt at length on the methodology adopted by the Mandal Commission to arrive at conclusions and argued that much of the data base was not scientifically accurate or technically sophisticated. He charged the government with announcing its decision in the matter in haste and without preparing the ground.

Mr Gandhi said the government's decision, which could create rifts in society, came at a time when the country needed a "soothing touch," faced as it was with serious

problems in Jammu and Kashmir, Punjab, Assam, Tamil Nadu and other parts.

The serious nature of these problems could be judged by the fact that Mr V.P. Singh himself had some time ago asked the country to be psychologically prepared for war, he said.

Mr Gandhi said the country was already faced with problems caused by communal tension, the rural-urban divide and the language issue, and could ill-afford the division that could be created by the government's announcement. He said proof that the government had not adequately prepared the ground for such a step was the agitations against the decision now going on in different States.

#### Exclude Rich

Mr Gandhi said the Mandal Commission itself had recommended a wide range of steps for the uplift of the backward classes, adding that his party supported them. People with property, income-tax payers, government officials and professionals, amongst others, should be excluded from the scheme announced by the government, he said.

At this stage, the prime minister got up to explain that what the government was aiming at was the uplift of whole sections of society—the socially and educationally backward classes—and not just "socially and economically backward persons."

#### Exchanges

Mr Gandhi said the government's aim must be to create a casteless society and every step taken must be in that direction. "Does the prime minister believe in a casteless society?" he asked. At first the prime minister refused to respond, but later got up to quote from late Prime Minister Jawaharlal Nehru. To this, Mr Gandhi quipped, "We know what Panditji believed in. We want to know what you think about it."

"The prime minister has taken 10 to 12 minutes to reply to my specific question. I wonder whether this timing was worked out astrologically by his Cabinet Secretary."

Congress(I) members jeered the prime minister and said they wanted his response and not Pandit Nehru's.

Mr Gandhi said the government should bring forward a white paper on the whole issue of reservation and its implementation.

#### Singh to Madras Meeting

9IAS0066B Madras THE HINDU in English  
17 Sep 90 p 1

[Article: "No Going Back on Mandal Report: P.M."; quotation marks as published]

[Text] Madras, 16 September—The prime minister, Mr V.P. Singh, today declared that if it was a choice between

taking up the struggle to secure social justice and sticking to power, the National Front Government at the Centre would opt to serve the have-nots.

Addressing a public meeting on the Marina, organised by the DMK [Dravida Munnetra Kazhagam] as part of its Pentafest-90, the prime minister said for the National Front, it was not a question of "how long the government lives but how it lives and for what it lives and what it does."

Reiterating that the National Front Government would remain as a "rock" in the implementation of the Mandal Commission's recommendation reserving 27 percent in jobs for the Backward Classes, Mr V.P. Singh said he was aware of the limitation of the "highest rooms in Delhi." But transformation in society would not come from the rooms in Delhi. "Transformation comes from the huts and villages, from workers, farmers, oppressed and the deprived. We are there in Delhi not to shuffle the files but to shuffle the inequities in social, economic and political order. And that is our mandate."

Mr Singh expressed his gratefulness to Mr Karunanidhi for the support extended by him in the struggle to achieve social justice. The prime minister noted that Mr Karunanidhi was the first to give the support in the form of the State Assembly passing a resolution in which all parties, including the Congress(I) commended the implementation of the Mandal Commission recommendations by the centre.

"I want to tell you that this trust you have reposed on the National Front Government will not be in vain." The reservation for the Backward Classes had made the dreams of leaders such as Periyar, Anna, Bharatidasan, Ambedkar and Lohia come true. He regretted that many people did not understand "what is humiliation and life of shame."

Referring to questions raised on how many jobs in the government would be given to the Backward Classes and how many people would be uplifted through job reservation, Mr Singh said it was not just giving some jobs or salary and achieving economic betterment for the weaker sections. It was to achieve much more "giving a share in the power structure to the oppressed and the Backward Classes and those who are exploited."

He hastened to add that the power structure should not mean just ministers and the Cabinet. "The real power structure is bureaucracy and even in the bureaucracy those who are in Class-I constitute the real decision-makers of the country. The reservations in the States, in which Tamil Nadu was a pioneer, had only benefited at the State-level.

The officers at the State-level had not much opportunity to participate in decisionmaking at the Central level; they had no participation in managing the affairs of the country. "For the first time the Backward Classes and the weaker sections will become secretaries and deputy

secretaries and they will have a share in Central bureaucracy Class-I jobs and they will become the people who will decide the fate of the country and shape its future."

Rejecting the charges that he was dividing society by his decision to implement the Mandal Commission's recommendation, the prime minister said it was the present social system which had perpetrated injustice to weaker sections. "We have come boldly to dismantle the injustice of the present social system. The corrective measures taken will only strengthen society and not divide it."

Mr Singh contended that the Mandal Commission had taken into consideration the economic factors along with social and educational factors. The Mandal Commission has taken into account those sections whose assets are 25 percent below the State average."

#### **Brain and Heart**

It had taken into account the sections who lived on manual labour. For those who said that merit would be affected by job reservation, the prime minister pointed out that the administration had two aspects—brain and heart. "However intelligent a person may be, if his heart does not throb for the people, the downtrodden and the poor, he cannot be a good administrator. Just now this basic thing is missing. And mere intelligence will not link the bureaucracy with the people. One should have suffered and known the difficulties of the people. And if such a person is able to come into the administration then that administration will have greater merit having both the brain and the heart for the people."

#### **Dig at Rajiv**

The prime minister had a dig at the Congress(I) leader in the Lok Sabha, Mr Rajiv Gandhi, and pointed out how the former prime minister spoke for about 3 hours finding 101 faults in the Mandal Commission. No national leader had spoken that long, he said, adding that it had taken more than 10 years for the implementation of the Mandal Commission's recommendations. It was an irony that he should be charged with showing great haste in the implementation of the recommendation.

"They did not implement it for 10 years and when we have taken a decision they want to stop it." The prime minister saw a funny situation in the Congress(I) stand.

The chief ministers of Andhra Pradesh, Karnataka and even Maharashtra had stated that they wanted the reservation for the Backward Classes as recommended by the Mandal Commission. But the Congress(I) leadership had expressed itself against it. "I want to know whether the chief ministers of the Congress(I) are right or the leader of the Congress(I) is right. It should be made clear. There should not be political hypocrisy."

The prime minister said all MPs [Members of Parliament] and MLAs [Members of Legislative Assembly] of the Congress(I) should make it clear in public whether they agree with their leader or not. The people should

also ask the MPs and MLAs whether they stood for the welfare of the Backward Classes or not.

"The leader of the Congress(I) should not forget that he was occupying the seat as Leader of the Opposition in the Lok Sabha because of the people in the South. And if he does not respect the feelings of the MLAs, MPs and people of the South, then he cannot claim to be the Leader of the Opposition because it is on their strength he is sitting here."

The prime minister said Mr Rajiv Gandhi would not stand the pressure of the people and when the Congress(I) leader visited the South he would change his stand and say that he believed in the Mandal Commission's recommendations.

"Such hypocrisy should not be tolerated because in public life unless there is commitment no one had the right to ask for the trust of the people. We have consciously taken the decision to implement the recommendation fully aware of the consequences, even if it be the destruction of the government."

#### **Congress(I) Contradiction**

The chief minister, Mr M. Karunanidhi, who presided, promised Tamil Nadu's wholehearted support to the Centre in implementing the recommendations of the Mandal Commission on reservation for the backward classes. He pointed out the Congressmen in Tamil Nadu who extended support to the State's policy on reservation both in the 1950s and recently were either endorsing their leader, Mr Rajiv Gandhi's view opposing the Centre's announcement on Mandal Commission or keeping silent. "This contradiction they should explain to the people of Tamil Nadu and clearly say whether they supported the benefits accruing to the backward classes or not," he said.

Mr Karunanidhi paid rich tributes to the courage and conviction of the prime minister in implementing "the Mandal Commission recommendations which were gathering dust for over a decade." The prime minister had succeeded in having "the temple car" run after it had remained stationary for 10 years; it was in recognition of this fact that he had thought of providing a replica of the famous Thiruvanur temple car (which, thanks to Mr Karunanidhi, ran after a decade) as platform for today's meeting which was to celebrate the Centre's announcement on implementing the Mandal Commission report.

The prime minister's English speech, which went past midnight, was translated into Tamil by Mr V. Gopalsami, MP. The Madras District Secretary of the DMK, Mr T.B. Balu, MP, welcomed the gathering.

**Rajiv to Congress-I**

9IAS0066C Calcutta *THE STATESMAN* in English  
8 Sep 90 p 9

[Article: "Caste Cannot be Sole Factor for Determining Backwardness"]

[Text] New Delhi, 7 September—The Congress (I) president, Mr Rajiv Gandhi, today said his party had never been opposed to reservations, but to making caste as the sole factor for determining economic backwardness, reports UNI.

Mr Gandhi said this while addressing a meeting of the general body of the Congress(I) party in Parliament.

The former prime minister said the Mandal Commission had used the economic factor to identify castes but it had not used the economic factor to go beyond caste.

He said the Constitution had defined backwardness in class terms and not backwardness in caste terms. "By backwardness, the Constitution-makers meant socially and educationally backward classes and not just backward castes," he said.

Charging the National Front Government with arbitrarily changing a concept well-defined in the Constitution, Mr Gandhi said he was shocked yesterday when during the debate on the Mandal Commission, Mr V.P. Singh did not get up to say he did not believe in castes. "It was shocking that we have a prime minister whose actions give impetus to casteism," he said.

Mr Gandhi called upon his party men to ensure that the caste system was eradicated from society and the country moved towards a casteless society. "We are for helping the weakest and the poorest among the backwards," he said.

He asked congressmen to go to the people and tell them that the advantage of reservations should not go to the privileged and vested interests. "Assistance should be given to the truly poor people, to the landless, to people falling in the poorest category," he said.

Calling Mr V.P. Singh's decision a "political gimmick," Mr Gandhi suggested formulating a complete package for the entire backward class. "What the OBCs [Other Backward Classes] need is educational and financial assistance," he said.

Mr Gandhi noted that the Mandal Commission itself had said that "any ad hoc help can be palliative and it cannot help the backward classes unless you go down to the roots and come out with a comprehensive plan."

Mr V.P. Singh's decision on the Mandal Commission was taken in a huff and haste, he said. He said the government would have to give proportional representation to Muslims and Christians also.

Mr Gandhi also touched upon the problems of the Ram Janmabhoomi-Babri Masjid controversy, the situation in Kashmir, Punjab and Assam.

He asked whether the communal confrontation on Ram Janmabhoomi would help the country, he said the threat of disintegration had risen in Assam and Tamil Nadu was going out of the control because the government had no policy.

**Writer Lists 'Fatal' Flaws**

9IAS0066D Calcutta *THE STATESMAN* in English  
28 Aug 90 p 1

[Article by Nani A. Palkhivala: "Five Fatal Flaws of Mandal Report"]

[Text] Perhaps there is no other country which has such a genius for creating torture and tribulations for itself as modern India—the inheritor of the age-old practice of self-flagellation.

Physicists described the relationship of oxygen to fire as "necessary but not sufficient." Casteism and its prophet, Mandal, are necessary and sufficient to ignite an unprecedented national conflagration. His report will create two nations neatly balanced numerically—and never the twain shall meet.

The avowed decision of the Indian Government to implement "without any dilution" the Mandal Report (which had been wisely kept in cold storage for more than a decade), is a Himalayan blunder. Since people are convinced that the government listens only to the language of violent agitation, there has been an explosion of violent mass revolt in several States. It will gather momentum in the days to come, with unforeseen consequences for the integrity and unity of India.

The Mandal report suffers from five fatal flaws:

(a) It contemplates rich and rigid reservations for employment under the State in its infinite variety, and in business undertakings and educational institutions—where merit would be unable to find a berth. The sub-standard has to replace the standard, and the reins of power are to pass from meritocracy to mediocrity.

(b) It enjoins reservations based exclusively on caste, as if a poor Brahmin or a rich Dalit is a contradiction in terms. It firmly ignores the stark reality that there are no backward castes but only backward individuals. Economic backwardness or the opposite is treated as wholly irrelevant.

(c) Not only employment but even promotions are to be reserved for the privileged (euphemistically called "backward") castes. That would be disastrous enough for the civil administration, but far worse for the military. Our Armed Forces are the pride of the nation—the only institution which we have not devalued and degraded. What kind of an Army, Navy and Air Force shall we have, when field marshals and generals, admirals and air

commodores, have secured their promotions on caste considerations? This raises the most momentous of all issues—the security of the State.

(d) The only known solvent of casteism is change in the national consciousness: harmony among, and social intermingling of, the anachronistic castes. Petrified and ossified for centuries, casteism should be the dust on the shelf of Indian history. Instead, the Mandal report emphatically ensures a fresh lease of life to the canker of casteism for a long, indefinite future.

(e) The progress of India has been from casteism to egalitarianism. It has been from feudalism to freedom; and equality is the very heart of a free Republic. There never was, and never will be, a free democracy without equality of all citizens. The foundation of a true Republic, the source of its inspiration, the criterion for its citizenship, the hope for its welfare—all lie in the incandescent ideal of equality. (It is the exact opposite of what prevails in totalitarian states where you enjoy privileges as card-holding members of the ruling party.) The bedrock of the Mandal report is discrimination in reverse; it is discrimination against merit and calibre.

Like the expanding universe, the list of backward castes is ever expanding. The Mandal report has listed 3,743 (from 2,399 in an earlier report) backward castes. Many more are already waiting in the wings to receive recognition.

The challenge to land reforms legislation could be staved off by inserting an item in the Ninth Schedule to the Constitution which insulates the law from judicial invalidation on the ground that it violates the fundamental rights. But implementation of the Mandal report would go against the basic structure of the Constitution. Therefore, any constitutional amendment to avoid judicial scrutiny would itself be unconstitutional and void. Our thoughtless action—to achieve the thoughtful object of doing justice to the "backward" castes—can be allowed to prevail only by scrapping the noble constitution and promulgating a backward Constitution for a backward nation.

#### No Consensus on Holding of Punjab November Polls

91AS0067A Bombay THE TIMES OF INDIA  
in English 20 Sep 90 p 1

[Text] New Delhi, 19 September (PTI & UNI)—No consensus has emerged at the prime minister, Mr V.P. Singh's talks with political parties on holding elections in Punjab due in November, official sources said today.

The Congress abstained from the talks and the National Front constituents and supporting parties like the BJP [Bharatiya Janata Party] and the communist parties expressed divergent views on the issue, the sources said.

The third school of thought, according to the sources, favoured the more economic measures be announced

and impetus be given to the implementation of the Punjab accord. The votaries of this school of thought believe the election results would boost the morale of secessionist elements who would try to internationalise the Punjab problem.

While the National Front favoured early elections, its left and BJP allies felt the situation was not conducive for free and fair polls. Some others wanted economic measures to precede the polls.

Meanwhile, the prime minister has written another letter to the congress president, Mr Rajiv Gandhi, asking him to clarify his party's stand on the holding of elections in Punjab.

The decision to send the letter was taken today by the cabinet committee on political affairs.

The committee finalised Mr V.P. Singh's letter at an urgently convened meeting here this afternoon. Highly placed sources said the extension of president's rule in Punjab could not be gone through without the support of the Congress, and Mr Gandhi must clarify his party's position before it is too late.

If the Congress agrees to support the extension of president's rule, the government would be left with no option except to call a brief session of Parliament in early October and amend the constitution accordingly.

The government was firmly of the view that the time was now ripe to hold elections so that the aspirations of the people of Punjab could be met and there would be no further alienation of the people, the sources said.

The National Front Government is now faced with a difficult situation on whether or not to order elections.

Though the Congress has not formally made its position clear, indications are that they also like BJP and the left parties do not favour holding elections in the trouble-torn state.

#### Reservation Policy Seen Creating Discord, Divisions

90AS0459B Calcutta ANANDA BAZAR PATRIKA  
in Bengali 18 Aug 90 p 4

[Article by Sunit Ghosh]

[Text] Have all the problems of the country been solved? Are tourists reveling in houseboats in Kashmir's Dal Lake? Have terrorists in Punjab thrown away their arms and begun to recite the scriptures in Amritsar's Golden Temple? Are the ferocious "Alpha" members of Assam bearing holy names on their bodies and chanting sacred verses? Has the communal volcano called Babri Masjid-Ramjanambhoomi finally died down? What about the housewives who were agonizing over the rising prices? Are they ecstatic now?

The questions are different, but they all have one answer: No. Vishwanath Pratap has conceded that no problem has been solved during the past eight months. In his Independence Day address to the nation delivered from the Red Fort, he said soon after becoming prime minister he paid a goodwill visit to Amritsar, but that did not change the situation there. Secessionists are still active in Kashmir. The once peaceful Assam has become restive. No clue has yet been found to a resolution of the Ramjanambhoomi-Babri Masjid dispute. And the prices? To underscore the worsening situation, the prime minister made a calculation to show that a dollar-increase in the price of oil would raise India's budget deficit by 4 billion rupees. During this past month that deficit exceeded 10 billion rupees. If the crisis from the Iraqi occupation of Kuwait is not resolved soon, the Indian economy will suffer badly. That means our belts will probably have to be tightened further.

Despite so many problems, why did Vishwanath Pratap create a new problem by accepting the Mandal Commission recommendation to reserve 27 percent of the government jobs for backward classes? The question does not have a simple answer. But the announcement has begun to produce its inevitable results. An anti-reservation movement is mounting in the Hindi Belt of northern India, especially in Delhi, Bihar, and Uttar Pradesh, disrupting everyday life. The resentment against reservation assumes different forms. Trains and buses are set on fire. In Bihar, schools and colleges have been shut down. In Delhi, students have made bonfires with their diplomas. As jobs will not be available, what good are the diplomas? Already, 22.56 percent of the jobs have been reserved for Scheduled Castes and Tribes. After the 27 percent reservation for the backward classes, 50 percent of the central government jobs will have been reserved. The remaining 50 percent will have to be shared by Caste Hindus and religious minorities.

When the constitution of independent India was being framed, few disputed the need for constitutional safeguards for the long-repressed and humiliated Scheduled Castes and Tribes. Yet Dr. B.R. Ambedkar's thoughts about it were largely different from those of Scheduled Caste leader Jagjivan Ram. Ambedkar wanted Scheduled Castes excluded from Hindu society. He even proposed the establishment of separate villages for them. But Jagjivan Ram urged the creation of opportunities for the advancement—and eventual merger—of the Scheduled Castes into the larger Hindu society, while taking steps to save Christians and aborigines from extinction. While asking for job quotas, he also said those special arrangements would be abolished when people would not be subjected to social discrimination or treated as untouchables, when the doors of all Hindu temples would be open to all, when all classes of Hindus could freely participate in religious and social functions.

But the word "backward" sparked a controversy. The Madras legislature wanted the word abolished. Some favored having job quotas for the backward people for a 15-year period. They thought if the measure continued

for a long time, some people would develop a vested interest in it. Rajkumari Amrit Kaur of the Congress opposed all forms of reservation because "special opportunities and safeguards do not strengthen their beneficiaries." In the opinion of Lok Nath Misra, Damodar Swarup, and others: "Reservation would diminish efficiency on the job. Caste differences and favoritism would increase." Pundit Hridaynath Kunjru suggested a 10-year reservation for the backward classes. At that time Scheduled Caste and Tribal MP's [Members of Parliament] opposed the use of the word "backward." They argued that the word would refer to them only. At last, although Article 16 of the Constitution calls for the reservation of jobs for the backward classes, Congress leaders did not show much enthusiasm about it.

Although the 1956 Backward Classes Commission headed by Kaka Kalelkar made many recommendations, Kalelkar himself strongly opposed reservation. He said, "Government service is meant to serve the entire nation, not just government employees." Twenty-two years later, in 1978, Janata Prime Minister Morarji Desai announced the formation of a second commission for the backward classes under the chairmanship of Videshwari Prasad Mandal. Three years later the Mandal Commission report recommended the reservation of 27 percent central and state jobs for "other backward classes." The commission's other recommendations: (1) Backward class employees hired on the basis of merit would not be included in the suggested 27 percent; (2) the reserved quota would remain open for three years, even if not filled up; (3) Backward class students would have 27 percent reserved seats in all colleges and universities; (4) they would be provided with separate residential schools with free room and board; separate dormitories would be opened for them; (5) the 27 percent reservation would extend also to all scientific, technical, and vocational institutions; and (6) in all educational institutions, separate coaching should be introduced for Backward class students.

It should be noted that even Indira and Rajiv Gandhi, who used to harvest votes with cheap slogans such as "remove poverty" and "remove joblessness," kept the Mandal Commission report in cold storage. Perhaps they realized that if a section of society is kept segregated with the label of backwardness, it would be hard to preserve national integrity, because you cannot segregate and integrate society at the same time. Perhaps they realized that if "backwardness" were to be the criterion of eligibility for reserved jobs, administrative efficiency would suffer greatly; and where jobs increase slowly, reservation of 50 percent of the jobs would heighten tension in the administration.

But then the proverb says, "Fools rush in where angels fear to tread." Apparently, if Vishwanath Pratap were not a lunatic or a fool, he would not have decided to accept the Mandal Commission recommendations. But the king of Manda is neither crazy nor foolish. So far he has not made a political move without careful thought. Hence it is unlikely that his declaration was impulsive.

The reason may be found from a look at the political picture of the Hindi Belt. Vishwanath Pratap has been carried to the top by the wave of the "python" movement (Ahir-Jat-Gujjar-Rajput) built around Devi Lal in the 100 square kilometer area spanning Delhi, Haryana, and Uttar Pradesh. The deposed Devi Lal is now hissing like an angry python. It is almost certain that he would not miss a chance to string Vishwanath. Obviously, Vishwanath Pratap's quick decision on reservation is aimed at breaking the python's neck by luring the Ahirs (Jadavas) and Gujjars away from the Devi Lal. Maybe he does not need to worry a great deal about the Rajputs, himself being one of them. And he believes that he can weaken Devi Lal's stronghold by having the Jat vote split by Ajit Singh. But then this strategy could prove wrong. Vishwanath Pratap's plans could be frustrated by the failures of his government. In a countermove, Devi Lal has enlisted the support of the leader of the big farmers Mahendra Singh Tikayet, Prakash Singh Badal, and Kashi Ram, known as the messiah of the backward people. Their eyes are riveted on the Delhi throne.

That precisely is our misfortune. The destiny of the people of India hinges on those whose political plans are confined to a 100 kilometer area around Delhi, whose politics are based on caste and class, and who have turned politics into a means to preserve their clannish vested interests. The goals of Hindi Belt leaders such as Rajiv Gandhi, Vishwanath Pratap, and Devi Lal have much in common. Vishwanath Pratap's decision regarding reservation, which was made to serve his political interest, will only hamper national cohesion. It would fuel the growing secessionist trends in various states. How long should the people outside the Hindi Belt remain enslaved by the leaders of that 100 square kilometer area?

#### **Congress-BJP 'Incomprehension' of Reservation Issue Criticized**

9IAS0008A *Bombay NAVBHARAT TIMES in Hindi*  
14 Sep 90 p 6

[Commentary by Surendra Pratap Singh: "Congress, BJP Ignorant of Developments"]

[Text] The report submitted by the Central Commission has put all of the political parties in a strange dilemma. The parties are neither accepting it nor are they opposing it openly. The BJP [Bharatiya Janata Party] and the Congress are in the most difficult position because the leadership of these parties is traditionally considered superior to others, even though their popular support is deteriorating rapidly. For this reason, whatever the leadership decides does not fit at the people's level. The people are somehow forcing the leaders not to take an anti-reservation attitude. As a result of this, Rajiv Gandhi tries not to say anything. Later, when he makes a statement, a Rajiv formula is presented to the people with great spectacle. The next day, we see him rejecting this statement. Then we see him giving a three hour speech (with the help of Mani Shankar Ayyar and other

associates) in the Lok Sabha. The sum total of this lecture was that income should be the basis for reservation. When he was reminded that reservations on the basis of castes was very successful in such Congress states as Andhra and Karnataka, he nervously changed his stand the very next day. When one analyzes the speeches and statements issued by Rajiv and the top leaders of his party, one cannot tell where Congress stands on the reservation issue.

Perhaps the leaders of the major parties do not know which caste has changed the face of Indian politics. In the 1984 Lok Sabha, of the 543 members, 290 or 40 percent of the members were Brahman. While in the 525-member 1989 Lok Sabha, only 76 or 15 percent of the members are Brahman! This low proportion of Brahmins in the Lok Sabha is unprecedented. Even in 1977, when the Congress had lost, 25 percent Brahmins were elected and 47 percent of the seats were occupied by Brahmins after the 1957 elections. In all previous Lok Sabhas, Brahmins had occupied about 40 percent of the seats. This number has gone down to 15 percent in the ninth Lok Sabha even though both the BJP and the Congress did not ignore Brahmins in issuing election tickets. Of the 226 candidates that ran on the BJP ticket, 113 were Brahmins. Of these, only 24 won seats to the Lok Sabha. An equal number made it on the Congress ticket. It appears that the leaders of both parties have not even felt the change in the profile of their Lok Sabha membership. This time 82 and 37 members of the Congress and BJP that won seats to the Lok Sabha belong to lower castes. The top leadership of these parties do not appear to have digested this new development; that is why these parties are not able to take a solid stand on their response to the recommendations made by the Central Commission. The reason is that whatever is said by the leaders is forcibly changed by the emerging powers within both parties. Some party leaders warned about tension among castes soon after the Central Committee report was issued. They said that this tension might lead to a civil war. Interestingly enough, while caste tension has indeed increased, the civil war is being fought within these parties' membership, not in the society!

The situation in the Congress party is even worse. Many movements for social change in south and west India were peacefully led by the leaders of this party. Not only did these movements start a social revolution in those states, but they also overhauled the political system there. Today, this same party is being misled by some north India leaders and it is forming controversial thoughts over politics involving the backward castes that will not only reduce its base in north India but will shake up its deep roots in south India. It was the caste-based reservation and the politics based on this concept that helped Congress establish a stronghold in Karnataka with the help of the backward castes. This helped Dev Raj Urs push away such powerful castes as Vokkaligas and Lingayats from Karnataka's politics. The Congress had worked with one or the other Dravida party in

Tamilnadu for the last 25 years. These parties express the strong desire of the persecuted backward castes to emerge as a political power. Congress was returned to power in Andhra Pradesh because of its caste-based political strategy. The Congress leadership cannot ever deny this fact. The Reddy caste had controlled all of Andhra politics until the rise of N.T. Ramarao. The Reddy caste was fully in favor of the Congress. N.T. Ramarao used the political equation of the Kamma and Kappu castes leadership to break this monopoly. He remained in power until the Congress party did not get new powerful support in the form of the Kappu caste. It was because of the Reddy-Kappu alliance that today Channa Reddy's Congress government is established in Hyderabad.

North India gave the Brahman image to the Congress party which has been winning in south India, Maharashtra, and Gujrat with the help of the big vote bank formed by the backward castes. The Congress was badly defeated in north India this time; however, its leaders are still active. Forty percent of its Lok Sabha membership was elected by lower caste votes. The main reason for the party's oxymoronic statements on the reservation issue is that when the party leadership looks at Jagan Nath Misra, it cannot suppress its greed to win north Indian voters. At the same time, a look at Shiv Shankar's face brings it back to earth. Rajiv Gandhi is forced to say that his party is not opposed to reservations for the backward classes based on social standing. Then he goes ahead and says that income should also be considered only to change the whole story the next day. As long as Rajiv Gandhi and Lal Karishan Advani ignore their political limitations, they will continue to make contradictory statements.

#### **Editorial: BJP 'Going It Alone' Will Benefit Congress**

9IAS0059B Bangalore DECCAN HERALD in English  
22 Sep 90 p 8

[Text] The Bharatiya Janata Party [BJP] high command's reported readiness to go it alone in the event of an early General Election to the Lok Sabha reflects disenchantment with the National Front Government's functioning as much as its aspiration to develop into a national alternative to either the Congress(I) or the Janata Dal. The party's growing differences with the National Front in general and the Janata Dal in particular have much to do with being ignored by the Government when major policy decisions are being made. With the Janata Dal it is often assuming the dimensions of political rivalry. Its forays into the North-east and the South are also likely to bring it into conflict with the National Front's Left-wing allies and constituents like the Dravida Munnetra Kazhagam. It is ironical that a party which staged a comeback in the North in 1989 in the wake of the Congress (I)'s miscalculation over the Ramjanmabhoomi controversy and the electoral advantage it gained by virtue of seat adjustments with friendly

parties now feels inclined to imitate the national Opposition party. The effort to strike a reasonably secular stand on expediting a legal settlement of the Ramjanmabhoomi dispute at a National Integration Council meeting on Tuesday appears to have suffered a setback with the BJP representative, Mr Atal Behari Vajpayee, quitting the panel in a huff after disowning a prematurely-released sub-committee resolution. The BJP's dilemma is strongly reminiscent of the one the Congress(I) encountered in 1989. Its projection that it can take on the other national parties must therefore be an index of its desperation to make sure of the Hindu vote before someone else appropriates it rather than of any robust optimism that it will prevail in one-to-one contests, particularly in the Hindi belt. Unless the BJP is indulging in loud thinking merely as a stratagem to get the National Front to treat it more seriously, the Congress(I) is likely to be the gainer in the event of the National Front parties and the BJP not striking electoral adjustments. It is a moot point whether the BJP has chosen to develop on the theme of going it alone as a rejoinder to Mr V.P. Singh's speculation on a new alignment of forces at the Centre with the Congress (I) at the helm.

#### **Kerala Said Unaffected by Anti-Reservation Protests**

9IAS0059C Bangalore DECCAN HERALD in English  
22 Sep 90 p 8

[Article by A.V. Varghese]

[Text] Thiruvananthapuram: Kerala remained an oasis of calm even as North India plunged into an orgy of violence in the wake of the Central Government's decision to implement the Mandal Commission's recommendations.

This was hardly surprising for the State had long ago achieved a balance of power of sorts between the different castes and communities with Kerala politics clearly demarcated along such lines. Indeed, different combinations of caste or community-backed political parties had provided the State with coalition Governments benefiting, in the process, most sections of society.

This factor, combined with the influence of Marxian thought and praxis, has kept Kerala from being tossed into the cauldron of communal and casteist violence and strife boiling over elsewhere in the country.

Over the decades, the successive State governments have been careful to implement a reservation policy which has paid maximum political dividends. This policy provides for 40 percent reservation for Other Backward Classes (OBCs), including Muslims, in government service and the educational sector. This is in addition to the 10 percent reservation for Scheduled Castes (8) and Scheduled Tribes (2).

Every political party in Kerala—Right, Left or Centre—has enjoyed the succour of some caste or community.

The major parties are all identified with both caste and class. The CPM [Marxist Communist Party] and its blood brother, the CPI [Communist Party of India], draw their base from among the Ezhava and Harijan communities and the farm and working classes in general.

But both parties have an intelligentsia hailing from the upper castes. The two Kerala Congresses—led by Mr K.M. Mani and Mr P.J. Joseph respectively—depend on the Christian community which in turn is fragmented into the Syrian Orthodox (forwards) and the Latins and others (backwards).

The Indian Union Muslim League protects the followers of Islam, especially the rich among them. The Congress(I) alone has sought to achieve the veneer of heterogeneity and catholicity but it has been tough going as demonstrated by the existence of the caste and community-based political parties. Among these are the National Democratic Party of the Nairs and the Socialist Republican Party of the Ezhavas.

The NDP (Nairs) [National Democratic Party] and SRP (Socialist Republican Party) seek to represent and draw strength from their mother organisations—the Nair Service Society (NSS) and the Sree Narayana Dharma Paripalana (SNDP) Yogam. But the loyalty of these organisations swings both left and right according to the need of the hour.

#### **Progressive Steps**

Caste and communal differences have already been accentuated and politicised to an incredible extent in Kerala. But the rougher edges of such a situation have been smoothed over by the rather well-oiled political system which is kept fine-tuned by a sensitive, politically conscious and literate electorate. More so, it is an electorate which has experienced first hand the effects and benefits of several progressive measures taken by different governments.

The radical land reforms in Kerala helped to destroy the feudal structure and hierarchy. Both the government services and the education sector have provided specific benefits to all castes and communities.

Kerala is one State where the benefits of reservation are visible with new generations of professionals—doctors, lawyers, engineers and businessmen—rising from the backward castes and doing as well as those from the forward castes.

In this sense, Kerala had already embarked on and gone farther up the road that the Mandal Commission recommendations have just opened up. It has been a rather successful levelling of social inequalities but now intellectual circles think that the results achieved so far need to be shored up through the introduction, in a phased manner, of a system of economic reservations.

The argument is that any further uplift of all castes and communities will be possible only if the gap between the "elite class" within them and their economically poorer brethren is bridged by the tool of economic reservations. This instrument would also put paid to the threat of communal and caste-based reservations reducing the "old" forward castes like the Namboothris and Nairs to the position of "new" backward castes, it is argued.

It is against this background that one must view the quiet approach of Keralites to the issues raised by the Central decision to implement the Mandal recommendations. Indeed, the only organisations to attack the decision have been the Nair Service Society, the Kerala Brahmana Sabha, the Warrier Samajam and the Marar Samajam.

These groups have vowed to spear-head an agitation for economic reservation and began by observing 18 September as a "black day" in protest against the Central decision and Chief Minister E.K. Nayanar's statement that the Centre's move was welcome and that there need to be no change in the State's existing reservation policy which is in keeping with the spirit of the Mandal recommendations.

The Congress(I) leadership in the State has been averse to sticking its neck out on the matter. Opposition leader K. Karunakaran has said that his party had always stood for the implementation of the Mandal recommendations. In the same breath he also endorsed the idea of 10 to 15 percent economic reservation.

The IUML [Indian Union Muslim League] has welcomed the Central decision lock, stock and barrel but complains that the Mandal panel listed only "Moplahs" (Malabar Muslims) for benefits. The party wants this term to be rendered as "Muslims" so that Muslims in other parts of Kerala can also get the benefits.

The SNDP has also welcomed the Central decision but has asked the State Government to extend the 11 percent reservation enjoyed by the "Ezhava" and "Ezhavan" communities to the "Ezhuva" and "Ezhuvan" communities of Palakkad District who have not been benefited because of the difference in the pronunciation of the caste tags.

#### **EMS' Suggestion**

The Kerala Congress (Mani) has called for economic reservation. So has its rival the Kerala Congress (Joseph) which wants 15 percent reservation on this basis in addition to the existing reservation on a communal basis.

The CPM General Secretary, Mr E.M.S. Namboodiripad, has suggested that Kerala take a step forward by opting for the existing system in Bihar where 50 percent of the posts are filled through open competition, another 24 percent is reserved for SCs (Scheduled Castes) and STs (Scheduled Tribes), 3 percent is for women, another 3 percent is for the economically-backward among the

forward communities and the remaining 20 percent is kept for backward communities which are categorised as "Backward" and "Most Backward."

Mr Namboodiripad has opined that the State could perhaps go in for implementing the recommendations of the Nettoor P. Damodaran Commission (1967-69) which felt that the reservation formula should be retained for the SCs and STs but its benefits extended to the economically poor among the OBCs (Other Backward Classes).

The principle was acceptable to the major political parties then but the NSS and SNDP opposed it and later created the NDP and SRP respectively.

These two parties teamed up with the Congress(I) to oust the Marxist-led Government then. Now, however, with the LDF [Left Democratic Front] having defeated the same combination in 1987, Mr Namboodiripad thinks that it may be possible to cross over from purely communal to economic reservation.

However the CPI leader, Mr P.K. Vasudevan Nair, put a damper on such thinking by pointing out that it was not time yet for economic reservation. He felt that if an economic ceiling was fixed to give reservation benefits to the OBCs, the jobs reserved for them might go to the general pool if there were not enough qualified OBC personnel available to fill the vacancies. This would defeat the very purpose of reservation, he felt.

#### CPI-M Leader Opposed to Hindu Revivalism

91AS0070A Calcutta THE SUNDAY STATESMAN in English 16 Sep 90 p 9

[Text] Pune, 15 September—The CPI(M) [Communist Party of India-Marxist] general secretary, Mr E.M.S. Namboodiripad, today reiterated that the Left Front was in "uncompromising opposition to the Hindu revivalist and right reactionary policies" of the Bharatiya Janata Party [BJP], reports PTI.

"As opposed to the openly communal outlook of parties like the BJP and politics of compromise and communalism adopted by the Congress-I and National Front, the Left Front adopts a policy of uncompromising opposition to divisive and separatist forces to fight for secularism and national unity," he said in a paper submitted at a seminar on "Indian Left—past, present and future," here.

Stating that the Left Front had its "own distinct approaches" to some questions of national and international politics, Mr Namboodiripad noted that the Left Front was giving "general support" to the Centre while reserving to itself the "right to criticize and even oppose" such policies of the government as are "not in the interests of the nation and working class."

Analysing the beginnings of the Indian Left movement and subsequent splits and divisions, Mr Namboodiripad said the CPI [Communist Party of India] and the

CPI(M), together with the RSP [Revolutionary Socialist Party], Forward Bloc and a "large mass" of Left-oriented individuals and groups, were now "supporting and sustaining" the National Front Government.

"This historical development has now reached a crucial stage through which the major party of the bourgeois landlord ruling classes—the Congress (I)—has been thrown out of power at the Centre and in a majority of States," he added.

The CPI(M) leader said although working independently of the National Front and its main constituent, the Janata Dal, the Left Front was doing its utmost to "save" the government from the attacks of the Congress (I)."

Branding the Congress (I), BJP and the National Front as "bourgeois political parties," Mr Namboodiripad said the Left Front had its own policy of "completing agrarian reforms and industrializing the economy through full and voluntary cooperation of the working class."

#### Papers Report on Arun Nehru Visit to Vietnam

##### Trade Protocol Signed

91AS0071A New Delhi PATRIOT in English  
13 Sep 90 p 9

[Text] Hanoi, 12 September (UNI)—India and Vietnam today signed a 3-year trade protocol to achieve a 2-day trade target of 100 million U.S. dollars annually, giving a major thrust to their economic relations.

The agreement was signed by Indian Commerce Minister Arun Nehru and his Vietnam counterpart Hoand Minh Thang at the conclusion of a 2-day visit by a delegation.

Official sources said that as per the trade protocol India would strive to achieve an import turnover of goods worth 50 million U.S. dollars during the first year of operation of protocol and step up imports in subsequent years as mutually agreed upon.

Similarly Vietnam on its part will strive to achieve an import turnover of goods worth 50 million U.S. dollars in the first year of operation and step up imports subsequently.

Bank for foreign trade of Vietnam and the State Bank of India would be designated as nodal banks for the purpose of opening letters of credits and government to government financial transactions under the agreement.

Transport equipment, power, textile, leather machinery, food processing and mining equipment are some of the major items identified as items of export interest from India to Vietnam.

The specific items were mentioned during the ministerial level talks between Mr Arun Nehru and Mr Hoand Minh Thang at the concluding session here.

Other major items which were identified as export interest from India to this country include chemicals and pharmaceuticals, fertilizers and pesticides, setting up of turnkey projects in Vietnam from Petroleum refinery to sponge iron plants and consumer durables.

The two sides agreed that the present volume of trade between the two countries was quite insignificant compared to the potential available.

India attributed the lack of trade with Vietnam to several factors including lack of interest and lack of knowledge among Indian traders about trade possibilities, and lack of flexibility of Indian traders in being able to offer either long-term credit or barter trading arrangements with Vietnamese organisations.

India noted that there were increasing signs that the Vietnamese economy was now poised for a takeoff stage which could lead to a rapid transformation of the economic scene. State subsidies are being progressively cut and the enterprises have been told to adopt the methods of market accounting.

The present volume of bilateral trade between India and Vietnam was only about Rs200 [rupees] million. India being the largest buyer of rice with the purchase of 300,000 tonnes.

The total volume of exports and imports of Vietnam in the year 1988 amounted to 3,623 million U.S. dollars, of which 1,007 million dollars constituted exports. According to latest available official figures. Agricultural products constituted about 45 percent of the total volume of exports.

It was agreed that India can consider setting up of some joint ventures which would produce items that can be exported to India.

#### Nehru Meets Press

9IAS0071B Calcutta *THE STATESMAN* in English  
15 Sep 90 p 16

[Text] Hanoi, 14 September—India and Vietnam have decided to strengthen and expand political understanding by stepping up bilateral cooperation in trade and commerce and through closer consultations on global issues of concern to the two nations reports PTI.

Concluding his 2-day visit to Hanoi on a successful note, the Commerce Minister, Mr Arun Nehru, told reporters that the two countries agreed that long-term cooperation between the two nations must be achieved through establishment of joint ventures, investments and by provision of technical knowhow.

India, he said, had offered to assist Vietnam in the development of small-scale and medium industries.

Joint ventures, in which India would be assisting Vietnam, include transport and telecommunications. A Vietnamese delegation has also been invited to India to study India's expertise in the field of banking.

Mr Nehru had detailed discussions with the chairman of the Council of Ministers, Mr Duo Moi, during which the two agreed that both countries must establish greater political understanding at the highest level.

Mr Nehru handed over a special message from the prime minister, Mr Vishwanath Pratap Singh, expressing India's keen desire to give greater political content to their existing ties of friendship.

India, Mr Nehru said, had high esteem and respect for the people of Vietnam for their great courage and determination in facing various challenges facing the nation.

Mr Nehru left for Ho Chi Minh city today for a day-long visit before leaving for Bangkok en route [to] New Delhi.

India is also to assist Vietnam in formulating a technology policy.

The two countries expressed satisfaction over the existing cooperation between the Council of Scientific and Industrial Research and the National Centre for Scientific Research and agreed to expand the areas of activities between the two institutions further in the field of nonconventional energy.

The two sides identified new areas of cooperation, including sericulture, cotton development, small-scale industries and in establishment of an aluminum smelter in Vietnam.

The Vietnamese side presented a draft agreement for consideration of the Indian side for development of sericulture and silk products.

India is to establish a cotton seed multiplication centre and has been requested by Vietnam to supply equipment and training personnel for this purpose.

A small-scale industries demonstration centre is also proposed to be established by India in Hanoi. According to the minutes, a team of experts from the National Aluminum Company would visit Vietnam to carry out a feasibility study for establishing an aluminum smelter plant. Vietnam also requested India's assistance in exploration and exploitation of precious stones.

In the field of cultural exchanges, India is to help Vietnam in preservation of its museum artefacts and maintenance of its film.

Mr Nehru who is on his first visit to Vietnam said the trade protocol signed by the two countries was the first step in ushering a new era of friendship and cooperation between the two countries.

#### Analyst Writes on Latest Border Talks With PRC

9IAS0085A Madras *THE HINDU* in English  
24 Sep 90 p 8

[Article by K. K. Katyal: "A New Political Initiative"]

[Text] What precisely was the progress, if any, on the boundary talks at the recent meeting in New Delhi of the Joint Working Group [JWG] of India and China? According to the Foreign Office spokesman, the two sides "enhanced their understanding" of the issues involved. This was a euphemism for saying that there was little advance—a point confirmed by bits of information available now on what transpired between the two delegations, led by the Foreign Secretary, Mr. Muchkund Dubey and the Chinese Foreign Minister, Mr. Qi Huaiyuan. To say this is not to minimise the significance of the growing bilateral proximity, reflected in the exchange of high-level visits and the work on modalities for cooperation in various fields.

This was the second meeting of the Joint Working Group, set up during the December 1988 visit to China of the then Prime Minister, Mr Rajiv Gandhi. That the visit was a commendable initiative which served to widen India's foreign policy options at the time of revolutionary global changes, was confirmed by subsequent developments. But the assumptions in regard to the JWG—that the political-level mandate given to it augered well for the boundary settlement—do not seem to be coming true. The JWG exercises have turned out to be no different from the protracted discussions of officials that had gone on for years. The same re-statement of positions, the same hair-splitting on guiding principles, the same shyness in approaching substantive issues.

#### Limited Briefs

All this served to strengthen the case for upgrading the boundary talks to the political level. Officials with limited briefs from their governments suffer from obvious handicaps and are in no position to clinch issues. That was evident in the past rounds and became clearer now. The Indian side, it appears, sought to get the Chinese delegation to agree to "the limits of flexibility," but it did not work. An agreement on this point could have led them to examine varying positions of the two sides and paved the way for a breakthrough.

In its absence the two delegations covered familiar ground. China, by and large, stuck to the generality that "mutual understanding and mutual accommodation" inform their discussions. It talked of give-and-take but the stage for spelling out either the "give" or the "take" was not reached. This was surprising because the Chinese representatives had in the past elaborated the idea, even though slightly, in talks with non-officials. During my visit to Beijing in December 1988—on the eve of Mr. Gandhi's trip—senior Chinese leaders spoke of concessions by India in the west in exchange for concessions by China in the east. The point was not elaborated but it was deemed to mean China's recognition of the "illegal" McMahon Line in exchange for acceptance by India of China's control of Aksai Chin. At one stage in the past, the Chinese leaders expressed their preference for a package deal but this approach has not so far been reflected in formal talks.

#### Traditions and Treaties

As against China's plea for give-and-take, India reiterated that tradition, customs and treaties be taken into account while striving for a settlement. India spoke of the inadmissibility of the use of force in relations between states, and, applying this principle to the boundary issue, said that there was no case for China retaining the territory gained by it in the 1962 conflict. The Chinese side shot back: "Why go back to 1962, why not 1950?" "But why not to 1947?" was the Indian delegation's counter-response. And so on and so forth. India drew attention to the importance of the acceptability of a solution to public opinion. China made the same point in regard to its people.

It is a pity that there should have been no advance towards a settlement, though the two sides had equally high stakes in sorting out the problem. India spends nearly Rs. 3,000 [rupees] crores annually for the defence of its borders with China and the amount shelled out by Beijing should also be around this figure. Is it not crazy for them to squander their resources in sterile pursuits when their economic development needs cry for money? Could there be a stronger compulsion for them to find a way out of this situation?

Then there are the far-reaching global changes, the detente between the two bitter adversaries, the U.S. and the Soviet Union, and related matters. There is no case or reason for India and China not to foster closer links, by removing irritants. China has settled the boundary problems with others, including the Soviet Union (baring a small portion). Why should India be an exception to this process?

The JWG discussions did serve a useful purpose—the decision to institutionalise the arrangement for maintaining peace and tranquillity on the border. It was agreed to have a mechanism enabling not only local commanders but also brigade-level officers at the headquarters to meet from time to time. The suggestion came from the Chinese side and India readily accepted it. A lot depends on how the new arrangement works in practice.

In the eastern sector, the Indian troops are awkwardly stationed, suffering from the disadvantages of the terrain. What the Chinese want these meetings to achieve will be the real test. If the formations are to be taken as they are, there will be no problem, but if questions were to be raised about the line of actual control, it would mean new controversies. Given the mutual desire to strengthen bilateral relations, there should be no cause for pessimism.

#### Need for Positive Signals

This was a milestone. Think of (1) the gloomy scenarios predicted less than four years ago by western commentators, with forebodings of an armed conflict, (2) the tension and disquiet caused in 1986-87 by the military movements by the two sides in the eastern sector, particularly in the Sumdorong Chu valley and (3) the

strong reaction in China to the alleged violation by India of the line of actual control—think of all this and the significance of the proposed arrangement will be clear.

Even in the midst of other pressing problems a distinct feeling was discernible in India on the need for positive signals to China. Had there been some indication from the other side of the desire to switch from generalities to specifics, India perhaps would have responded enthusiastically. That was because the merits of the boundary settlement to India—as indeed, to China—were clearly seen.

These points, made in news columns, bear repetition. A settlement, it was realised, would improve the security environment in the region and strengthen India's position in relation to those playing the China card. It could help curb anti-national activities in the north-east. It would increase India's manoeuvrability in international dealings and pave the way for trilateral cooperation, involving India, China and the Soviet Union. It would be in India's interest to clinch the boundary issue during the lifetime of China's helmsman, Mr Deng Xiaoping, known to be an advocate of a package deal. His influence, it is felt, will be on the side of flexibility as against the rigidity of some sections of the People's Liberation Army (PLA), which could get worse in the post-Deng era.

#### Cumulative Effect

The border problem and the rest of the bilateral relationship have been effectively compartmentalised. Yes, a boundary settlement continues to be seen as an aid to friendship, but it is not proposed to wait for this irritant to be removed for other initiatives. This is testified by the visit to Delhi in March of the Chinese Foreign Minister, Mr. Qian Qichen, for talks with his opposite number, Mr. I. K. Gujral, their resolve to accelerate the momentum of bilateral contacts and to upgrade the dialogue. The idea of the Chinese Prime Minister, Mr. Li Peng's visit to India was first mooted then. (He is expected either later this year or the beginning of 1991). Mr. Gujral is due to go to Beijing around the middle of next month. As a cumulative effect of this interaction, cooperation in the field of trade, agriculture, culture and science and technology is bound to be strengthened. The two countries have a lot in common in their view of contemporary developments, the Uruguay Round of talks in the economic field and the Gulf crisis in the political sphere.

China is no longer one-sided in its comments on Kashmir and Indo-Pakistan relations. According to its carefully-worked formulation, the Shimla Agreement was aimed at resolving the Kashmir problem on which India and Pakistan had gone to war and to the U.N. This was past history and the two sides would do well to find a mutually acceptable solution through peaceful means. Is it not significant that the Pakistan President, Mr. Ishaq Khan's current visit to China has virtually gone unnoticed here?

#### West Bengal: Basu Said To Use Police for Political Gain

90AS0452A *Calcutta ANANDA BAZAR PATRIKA*  
in Bengali 30 Aug 90 p 4

[Article by Devashish Bhattacharya]

[Text] The honorable chief minister, Jyoti Basu, is taking great pains to show that he is "innocent." The more he and his government get embroiled in untoward events, the harder he tries to make people believe that he is a "principled noble soul." Jyoti Basu wants to show the country and the people that he is running an able, nonpartisan, and efficient administration, that he never tolerates disobedience. But the people have fast realized that all this is a big con game. The people no longer believe promises made by him and his trusted bureaucrats. Everybody knows those noble words do not mean a thing to Jyoti Basu and his associates. They never did. If they did, West Bengal would not have been in this mess today. Thirteen years is a long time.

Jyoti Basu's conscience suddenly got pricked after CPM [Marxist Communist Party] gangsters beat up and hospitalized Mamata Banerjee. Mamata's life was then at stake. The chief minister has always been a hard-boiled realist. He feared danger. He realized that if anything happened to Mamata, the consequences would be grave. He would have to pay dearly for it. I am sure this apprehension prompted him to demonstrate his "innocence" to the people. It made him concede to journalists that it was a CPM gang that had carried out the assault. Otherwise, a person like Mr. Basu would never have taken the responsibility for the incident.

But that is sheer deception. Look, Mr. Basu feels he deserves credit just because he had Lallu Alam arrested on the charge of beating Mamata. The reasoning: whoever had hurt Mamata was caught immediately. That's an example of the Left Front's impartial administration! But Lallu is little more than an instrument. There have been specific charges against some bigwigs—revered comrades—who have kept Lallu as a henchman and under whose instruction Lallu and his accomplices jumped on Mamata with their bamboo poles. The police do not touch them. On the contrary, Shyamal Chakravarty, Mr. Basu's favorite minister, has publicly warned the police: "Just because Badshah Alam's name appears in the 'first information report' to the police doesn't mean that he has to be arrested." So Badshah Alam, whose name remains in the police diary, is seen sitting next to CPM leaders and ministers. The secretary of the Calcutta district CPM, Lakshmi Sen, has offered a more astounding argument: Why did Mamata and others take their procession along that route when they knew that the CPM was holding a meeting at the Hazra corner? As though the fault lies not with the person who defecates on the road, but with the one who sees it. I am sure if Mr. Basu really wanted to face the situation as an impartial administrator, Shyamal Chakravarty and Lakshmi Sen could not have gotten away with such remarks. But as I

said at the outset, this is all a charade to make the people think that they are good souls. They do not have the intention to be good or do good. The police, too, have taken the cue. They can never trace Badshah Alam, Sridhar Das, or Billu of the Birati rape incident!

In this context, another incident comes to my mind. Recently, Information Minister Buddhadev Bhattacharya called a meeting of journalist and photographer organizations to discuss the attack on journalists and photographers. A photographer gave the minister this account: the day photographers were attacked along with Mamata at Hazra corner, a lady was seen leading the assault. She had white spots all over her body. A few days later the same lady was seen sitting in the front row of a meeting that Jyoti Basu had called in Calcutta to protest the "barbarism" of the Tripura Congress government. "We have pictures of the lady," the photographer said.

"All right, I will look into it," the minister assured.

Mamata was assaulted on 16 August. Tell us Mr. Basu and Mr. Bhattacharya, what action has been taken against the instigators of the shameful incident? I repeat, these people are trying to gain popularity by pouring out a few cheap words. They think that way the situation would not go against them. The people would say Mr. Basu and his associates are really wise people.

A glaring example of such deception is the note that the chief secretary wrote to the police. In that note, why did the chief secretary suddenly need to call upon the police to be dutiful? There is nothing new in his nine-point directive. The chief secretary's note contains all that is routine duties of the police. What, then, is the purpose of that note? Is it only in Jyoti Basu's domain, West Bengal, that the police do not want to arrest influential people? Is it only now that the chief minister has found that out? Or is it that after the note was issued the police became overwhelmed with a sense of duty? The chief secretary should not be blamed. He is a salaried bureaucrat. His boss is the chief minister. The officer is bound to act on the wish or orders of his boss. Hence I would like the chief minister to explain this: the chief secretary wrote the note on 10 August. The CPM gang assaulted Mamata Banarjee on 16 August. Where did Calcutta Police Commissioner Biren Saha get the courage to sit tight in his chair without arresting the "people associated with some powerful political party?" Who is behind him?

Everybody knows that Jyoti Basu has gradually made the police subservient to his personal political ends. Police stations practically have turned into CPM party offices. This is a state where the officer in charge of a police station gets suspended for arresting a panchayet chief on an armed robbery charge! Mr. Basu's favorite red-flag carrying police thump the table before the chief of union police and threaten him. The police watch idly by while hoodlums receiving government favors rampage through public streets brandishing knives, bombs, and guns. The police refuse even to accept complaints from victims of their rowdyism. This is a state where women lose their

honor while under the "safe" custody of the police. To suppress movements against the CPM or Mr. Basu, male police push down women protesters and drag their nearly naked bodies by the legs, while Mr. Basu and his associates shamelessly show up in town to protest "the barbaric behavior of the police under the Tripura Congress government"! They boast that the "ideal administration" they have established in West Bengal has no parallel in all India.

But Mr. Basu and his associates have forgotten that the wheel of time moves at its own pace. Even Shree Krishna's Jadu tribe could not escape destruction. If Mr. Basu thinks he can hang on to his precarious post forever, his dream will be dashed. His bluff has been called. He will be more exposed as time goes on. One can only go so far with deception. The police who are being made scapegoats today will not put up with it much longer. Signs of this are already visible. The day is coming when Mr. Basu and his associates will have to account for their deeds.

## Reportage on Development of Eighth 5-Year Plan

### Panel Approves Cost

91AS0068A New Delhi PATRIOT in English  
19 Sep 90 p 1

[Quotation marks as published]

[Text] The Eighth Plan (1990-95) has been pegged at Rs610,000 [rupees] at 1988-89 prices—which virtually doubles its financial size over the previous plan, which was of the order of Rs320,000 crore.

Of the approved outlay for the next plan, which was discussed on Tuesday at the 'full meeting' of the Planning Commission presided over by Prime Minister Vishwanath Pratap Singh, the public sector account for Rs335,000 crore against Rs180,000 crore of the Seventh Plan.

With the first hurdle of determination the plan size being over, it would now go to the National Development Council (NDC) for the final approval, in which State chief ministers too would participate. The meet is slated for 4 October and indications are that it may be held in New Delhi.

The Planning Commission meeting lasted for full 2 hours, which was attended, among others by Finance Minister Madhu Dandavate, who is also the deputy chairman of the Plan body.

The size of the plan came to be determined on the basis 5.5 percent growth rate in the gross domestic product, a domestic savings rate of 22 percent, besides the external resources inflow that has been calculated around 1.6 percent and incremental capital output ratio of 4.3.

The pressure on the import bill due to the Gulf crisis affecting the international price of oil too was considered before finalising the plan size, it was said.

Of the total import bill of Rs40,000 crore, the impact due to rise in the oil prices, sources said, was estimated around Rs2,000 crore, and it was argued that it would not be a permanent feature.

The prime minister called for a study on conservation of energy, particularly in the context of the deepening of the gulf crisis and its impact on the Indian economy, add agencies.

Mr Singh also called for greater attention to indigenous production of crude oil and tapping of non-conventional sources of energy.

He directed the Commission to think of measures which would make more use of biofertilisers.

An official spokesman said the broad thrust of the rural development would be a rationalised agricultural development special emphasis on rain-fed areas, building up of institutional framework through the panchayat raj system for implementation of rural development programme and work guarantee programmes.

Significant expansion of allocations for essential and social services in rural areas has been envisaged besides evolving special strategies for the educated unemployed including provision of employment.

The Commission also approved sectoral allocations for infrastructure, energy and industry.

The framework visualises optimisation of the use of existing facilities, vigorous policies to encourage conservation of energy, water, fertilisers and other scarce inputs. Emphasis is also laid on exploring innovative methods for financing the plan.

#### **Approach Called 'Unrealistic'**

91AS0068 Madras *THE HINDU* in English  
20 Sep 90 p 8

[Editorial: "Bold, But Short on Realism"]

[Text] The Planning Commission's decision in favour of a massive Eight Plan of Rs610,000 [rupees] crores makes up through its stout-heartedness what is perhaps wanting in terms of realism. The staggering burden thrown on the country when it was least prepared by the Gulf crisis by way of a huge drain of its scarce exchange resources brought on by spiralling oil prices and the marathon airlift of the evacuees should alone have been demoralising enough and could have persuaded the Planning Commission to declare even a plan holiday. If it has not done so and is displaying a grim determination against slowing down planned economic development, it is obviously because of an awareness of how short-sighted and self-defeating it could be. Drastic axing of expenditure is an option which the government really does not have in the

present context; the implications of such enforced austerity could only be that of development activity screeching to a halt, and the further aggravation of the agony of joblessness resulting from non-generation of employment. The Planning Commission cannot, however, be under any illusions about the magnitude of the task it has given to itself. It has not yet given any indication about the proposed financing of the projected total Plan of Rs610,000 crores and the public sector share of Rs335,000 crores in the total outlay—except that the latter will comprise RS280,000 crores of investment and a revenue expenditure of Rs55,000 crores. The Commission's decision to go for a total plan expenditure of this size has obviously been influenced by the encouraging performance of the economy, particularly the industrial sector, during the Seventh Plan and the increase in agricultural production during 1988-89 and 1989-90. The latest estimate of the Seventh Plan public sector outlay of Rs225,004 crores at current prices is also perhaps not very much less in real terms than the projected plan outlay of Rs180,000 crores at 1984-85 prices. Actual deficit financing is nearly three times the figure of Rs14,000 crores assumed in 1984-85. The estimated contribution of Rs24,394 crores from the public sector enterprises, during the Plan is woefully short of the Rs35,485 crores projected in 1984-85, indicating a poor record in resource generation. Additional resource mobilisation at Rs42,538 crores at current prices is far less than the Seventh Plan projection of Rs44,702 crores at 1984-85 prices. The contributions under other heads though nominally higher should be less than the projections made in 1984-85, in real terms. While the Seventh Plan record in the case of agricultural and industrial production is indeed bright, there has been no significant progress in the oil front. Also, even with the attainment of the target for power generating capacity there is severe shortage in many regions. The anticipated improvement in foreign exchange reserves failed to materialise because of heavier imports of crude oil to meet increasing domestic consumption. The erosion of surpluses in the invisibles account in financing the trade deficit and the bunching of debt service obligations on past borrowings added to the country's worries.

The likelihood of the situation improving and making the implementation of the Eighth Plan easier is, therefore, not very bright. Nevertheless, it should be possible to hit close to the targeted public sector outlay of Rs335,000 crores. This of course will be a challenging task as the public sector's share is higher than in the Seventh Plan. The Planning Commission is yet to indicate the detailed projections under different heads for the financing of the Plan and the proposed measures for additional resource mobilisation. While it is very much in the country's interests that the Eighth Plan investments should fully take care of its basic needs for food, health care, education industrial development, etc., the government has so far failed to protect the community from the inflationary impact of the method of financing the plan investments all these years. It is difficult to see

how it is going to show better results this time in insulating the people from what will happen to prices with a proposed plan investment of Rs610,000 crores implying an average yearly investment of Rs67,000 crores for the public sector alone against Rs45,000 crores in the Seventh Plan. Unless the government can hold down the inflationary potential, a good part of the gains from planning will be a mirage.

### Officials Predict Record Foodgrain Production

9IAS0072A *Bombay THE TIMES OF INDIA*  
*in English 14 Sep 90 p 13*

[Text] New Delhi, 13 September (PTI)—The timely arrival of the monsoon has brightened the prospects of a bumper crop and a record production of foodgrains is expected this year, according to official sources.

"It is going to be a very good year as regards foodgrains. Production is expected to be a level higher than in 1989-90, which witnessed a record production of 172.50 million tonnes," the sources said.

The foodgrains production target for 1990-91 is fixed at 176.50 million tonnes. This year is also likely to witness record production in sugarcane and cotton and a good crop of pulses, coarse cereals like maize and jowar.

The scenario as regards kharif production of oilseeds, however, presents a slightly different picture. This was due to the fact that the area under cultivation of groundnut in Gujarat declined by six lakh hectares due to the initial absence of rains over Saurashtra as also less sowings in Tamil Nadu due to deficient rains.

The sources however say there is no cause for concern on this account as the shortfall in the kharif target could be made up by concerted efforts in the rabi season, especially so because the water reservoirs are full.

With the rains after 16 August, the prospects for standing oilseed crops have improved, especially in Saurashtra region. The prospects for the groundnut crop have also improved in the Rayalseema area, especially in Chittor, Karnool and Cuddapah districts.

Rice production in the current kharif season is expected to be 65 million tonnes, 2 million tonnes more than the record achieved in this regard. This is because of very good rainfall in all rice-growing areas.

The crop prospects for pulses are also very good due to adequate rains in pulse-growing areas including those in Madhya Pradesh, Maharashtra, and Uttar Pradesh.

As regards the production of coarse cereals like maize and jowar, the situation is satisfactory. The jowar growing areas in Maharashtra, Karnataka, Madhya Pradesh and Andhra Pradesh were in receipt of good rains. The area covering bajra in Rajasthan has increased by about 13 lakh hectare due to exceptionally good rains.

The maize crop in certain pockets of Muzaffarpur, Monghyr and Bhagalpur districts of North Bihar was affected due to heavy rains and floods.

It could be a repeat performance of 1989-90 as regards cotton when the country had a record production of 115 lakh bales. The area under the crop is reported to be 69 lakh hectares and there has been no report so far about any incidence of pests and diseases.

The crop in certain pockets of Andhra Pradesh has been affected due to the cyclone early this year and in some pockets of Karnataka due to very heavy rains.

As regards production of raw jute, the target of 90 lakh bales for the year is likely to be exceeded, the sources said.

Sugarcane production is expected to cross last year's record production of 210 million tonnes and is likely to be around 220 million tonnes.

This, the sources said, would mean that sugar mills could start the crushing season in October, so as to obtain good recovery.

The coverage under the crop is anticipated at 3.5 million hectares against the normal area of 3.2 million hectares. The condition of the crop is satisfactory and no serious pests or disease problem has been reported.

### Commentary Questions State Resource Adequacy for Education

9IAS0059A *Bangalore DECCAN HERALD in English*  
*22 Sep 90 p 8*

[Article by Ashok Mitra. Words in italics as published.]

[Text] The slogans are throat-catching, ear-filling. Education for all. Literacy for all. Between now and December, a sum of Rs. 60 [rupees] crore will be spent, spread over 61 districts, to render another one crore of our countrymen functionally literate.

The slogans rent the air. But, as the following narration reveals, much of this could be in the nature of writing further notes on illusion.

The State Government had better be left unidentified. Its budget amounts to around Rs. 5,700 crore this year. Out of this, the allotment for education is Rs. 1,592 crore, 28 percent of the total. The State Government takes tremendous pride at this that looks like a most impressively large allocation for primary, secondary and higher education. The Union Government's outlay for education, it points out, is, in contrast, only 2 percent of its aggregate expenditure.

### Outlay

Let us, however, steer clear of a debate on the relative performances of the Centre and the State, and concentrate exclusively on the supposed achievements of the particular State Government. Judged in terms of the

ability to dispense funds, it has, without question, travelled a considerable way in the recent period. The State's education budget amounted to the paltry figure of Rs. 119 crore in 1975-76. In the course of 15 years, it has, therefore, increased more than 13 times; the general price-level has risen only about three times over this period.

There is a catch though. In 1975-76, of the total outlay on education, the sum of Rs. 96 crore—or 87 percent—was for payment of emoluments to the teaching and non-teaching staff, and the residue—Rs. 23 crore—was set aside for such diverse purposes as buildings and maintenance, purchase of books and provision of other facilities, including educational aids such as maps, blackboards and laboratory equipment, outlay on milk, refreshments and apparel for school-going children from poor families, and so on. In the current year, emoluments for the staff are to claim as much as Rs. 1,475 crore—close to 92 percent of the education budget—so that the availability of funds for all other purposes put together works out to Rs. 117 crore. From Rs. 23 crore to Rs. 117 crore, it is only a five-fold increase in monetary terms over the 15-year period; in real terms, it means not even a doubling of outlay.

What about a little bit of further arithmetic? The current year's allotment of Rs. 1,475 crore earmarked for the staff of educational institutions, which is as much as 26 percent of the State budget, will be spent on roughly 400,000 employees. Assuming an average household size of 5, the total number benefiting from the outlay will be around two million, just about 3 percent of the State's population. Barring its direct employees, no other group can be identified on whom the State Government lavishes as much money.

There is another way of looking at the arrangement thus set up. For this 3 percent of its populace, the State is ensuring a per capita earning of Rs. 7,375 per annum, more than twice the per capita national income. Were the other 97 percent of the State's population to demand that it should be equally good to them, apply the Rule of Three, the State Government would need to shell out close to Rs. 50,000 crore. It clearly does not have that kind of money.

Has not something gone terribly wrong somewhere along the line? The abstract objective is education for all, literacy for all, the actual beneficiaries are just two million people.

#### **Paltry**

Let us turn to the arithmetic once more. The total allocation in the education budget for purposes other than payment of salaries and allowances is, as mentioned, only Rs. 117 crore. That is to say, for roughly one crore of students at all levels in the State, the per capita budgetary outlay is less than Rs. 120 per year, or less than Rs. 10 per month, for meeting the construction and maintenance costs of works and buildings, for the purchase of educational aids, including books, laboratory

equipment and other material, and for meals and apparel for children from poor families attending school.

Compare this outlay with the per capita spending on the staff, which works out to Rs. 19,000 per year, or Rs. 1,600 per month. No scope exists for any make-believe here; with an effective monthly outlay of Rs. 10 per student for the provision of physical facilities and basic equipment the transformation in the educational landscape the State Government had been dreaming about could not have, as has not, proceeded very far.

The State budget has continued to give the pride of place to education. There is a rush of new schools and colleges every year, but the content and quality of education have actually declined over the years. Hardly any advance has been made, for example, with the ambitious scheme to eradicate illiteracy from the State.

#### **Noble Motive**

One should try to give the benefit of doubt to the State Government. It was perhaps motivated by the noblest of intentions. Teachers, according to its point of view, form the backbone of any sound educational system; unless the teaching community are treated with dignity and provisions are made to ensure them a decent living standard, there could be little prospect of attaining the minimal educational goals the State administration has set for itself.

The heightened social consciousness of the rural proletariat, ushered in by the record-setting outlays on education, would, the State Government had fondly hoped, release a surge of creative activity all over the State. That hope lies buried in the dust.

The hapless State Government is now stopped in its tracks. The medium has muscled in as the message: the objective of deepening and widening educational opportunities has fallen by the wayside; catering to the interests of the teaching and non-teaching staff has turned out to be about the only *raison d'être* of the education budget.

There is a major social dilemma here. Ideology has receded all over the world, and it would be naive to hope that the staff of educational institutions alone will be swayed by moral preachings. It is not for them to take into account the State Government's overall resource position, or to feel embarrassed over the fact that, after their salary bills have been met, so little is left to spend on the construction and maintenance of school, college and university buildings or on books, maps, and laboratory equipment, or on the distribution of food and clothing that it is impossible to slow down the rate of school drop-outs.

A sizeable chunk of the teachers are in fact now agitating in support of their demand to be retained in service till their 65th year, a demand, which if granted, will mean a

further rise in the outlay on emoluments, besides elongating the waiting time for those who want to enter the labour market and have gainful employment.

But, then, in a competitive democracy, teachers, it will be said, have as much right as any other group to launch movements in order to obtain extra benefits for themselves. Gratitude is a wasting attribute; the fact that the present State Government was once instrumental in arranging most generous scales of salaries and allowances for them is unlikely to deter them from indulging in further "activism;" they will refer to the fast rising price index to justify their stand.

It is a knotty situation. The State government can be partly faulted for a specific political failure: it perhaps conceded the trade union demands all too hastily, and those receiving the benefits went away with the impression of its being all play and no work; none bothered over the implications of such biased spending for the rest of the community.

#### Ideology

The problem is, also, bound to catch up in the other States too. The anti- and pro-reservation demonstrations in fact mark the beginning of an unquiet era.

It is issues of today which matter, how much you can grab for yourself at this particular moment. What happens to your ideology or long-term social goals is a concern over which you, at best, carry on a soliloquy with your private conscience at dead of night.

## PAKISTAN

### Former Minister of State Views 'The Pakistan Scene'

91AS0089C Lahore THE PAKISTAN TIMES  
in English 5 Sep 90 p 4

[Article by Islamuddin Sheikh: "The Pakistan Scene"; punctuation as published]

[Text] Pakistan known for Nature's munificence and man's ingenuity, a virtual paradise on earth, is now presenting a spectacle of a veritable hell, a merry-go-round for every one bent on making mischief, and capitalising on it. The situation has changed with the dismissal of the Benazir government, and a better future is in the offing, it seems.

Already a country, product of a people's ideology and aspirations to be free from the twin bondage of the British imperialists on the one hand, and Hindu neo-imperialists on the other Pakistan has been the homeland of a dashing and dynamic people. Though with different ethnic affiliations, linguistic and cultural traits, with one exception, of course, uniform faith to follow viz. Islam, its people are known to be highly sensitive on the score of national independence, territorial integrity

and sovereignty to which they are prone particularly to demonstrate in times of national crisis and calamities, if and when they come.

Characteristically enough, Pakistan in its existence of four decades has seen more of military rule than civil administration with popular backing and support. Of late, as we see, we have a spell of democratic rule after an experience of more than 11 years' martial law. But pathetically enough, the experiment threatened to prove to be a failure, and people here were inclined to pass a vote of censure against democracy as such; and in private, conversations had been heard remarking 'we had been better off in the dictator's regime, for we enjoyed greater amount of security (of life, property and honour)'. 'So what, if a change is there on account of the people's vote?' they said.

Some wiseacres have well said, "democracy is a government of fools," obviously, because a certain set of people who elect a certain government to power are largely illiterate, ill-bred even backward and downtrodden, and, therefore, hardly discriminating; and in the least, politically conscious. Further, they have reasons to be influenced in the course of voting, with money, temptations of offices, jobs, permits, contracts, etc., which in the net result bring up a coterie of rulers who are basically corrupt, wield influence, have a lot of money, and, above all, have an outlook of life largely oligarchic in character.

This exactly was the background of the political scenario in Pakistan at the time when Benazir was in power. The Federal Government, to begin with, was made up of elements with aristocratic bearing and background—largely landed aristocrats, mirs, pirs, maliks and sirdars, industrial magnates and members of big business, most of them in their twenties or early thirties, with little or no maturity of thought, word and deed.

Painfully enough, the Federal Government was at loggerheads with the government of the major province viz. the Punjab. Ever since the two came to power, they were busy confronting each other, wasting time and energy on negative counts, and often found locked in see-saw postures with consequences that were nauseating indeed. The poor man on the other hand found his difficulties multiplied through soaring price-levels and increasing inflation against less than minimal security. It was a matter of common experience that the poor or the common people fell victim often enough, to sniper's bullets in addition to frequent explosions in working places, buses, and trains, and had their bodies torn apart, and in some cases, blown to bits, for no fault of theirs!

Rioting and daylight robberies were the order of the day, at least in Sindh, once a land of peace and tranquillity which have been its hallmark for ages. The sufis and saints preaching love and amity in the region had made it a loveable place to live in. The province with its beautiful lakes, rivers and canals, green fields and orchards, was witnessing brother going to the throat of brother. Human life was so cheap as it never was! The

ruling party in the province had given a poor account of itself—evidently it had gone back on its plighted word to its contemporary viz. the MQM [Muhamir Qaumi Movement]; and had turned enemy out of them. Unabashedly, they (the PPP) [Pakistan People's Party], were ruling the province of Sindh without sharing power with the chosen representatives of people living in the urban areas viz. its major cities like Karachi, Hyderabad, Sukkur, etc., which yield the bulk of the revenues of the country, let alone the province of Sindh. Peaceful citizens of Sindh, both Urdu and Sindhi-speaking were undergoing untold hardships, some had to leave their ancestral homes for fear of life. The army was and still is defending the people against the depredations of the recalcitrants from among its own nationals (who were raking hell in collaboration with subversionists and saboteurs of foreign origin) instead of defending the frontiers against threats of foreign invasion. Terrorists both from within and without have been active day and night, and were busy disturbing the peace of the province through acts of sabotage and taking toll of human happiness, life and property. Dacoities and holdups by highwaymen were routine affairs and no longer cause sensations as in the past.

There is hardly any peace along our borders to the east. India has already massed its troops in battle-ready position along the frontier right from Kashmir in the north-east to the Rann of Kutch in the south-east. Nobody in this country knows when hostilities on a major scale may break out, and spell his/h/r doom.

There is, however, a silver lining to the cloud on the horizon in the west—the Afghan refugees are going back to their original homes in that country, and, thank God, an end is in sight to the cancerous problems arising out of Kalashnikov culture and drug abuse imported into the country by the Afghan refugees when they came here about a decade ago. There is, of course, relative peace in the NWFP [North-West Frontier Province] and Baluchistan, possibly because they are at a greater distance from the Indo-Pakistan border.

Critics, however, think, and rightly that the PPP regime was responsible for the ills of the country, particularly unrest in Sindh largely because of the policies of vendetta it was practising. It was also busy purchasing loyalties through what was being termed as 'horse-trading', and by this means encouraging floor-crossing by politicians, which stood banned through the Political Parties Act. People were being killed, in Sindh at least, at the instance of the ruling junta to avenge the wrongs of the past, supposed or real. Professional killers and assassins had been engaged—or they were on the regular pay-roll of the government—to see political rivals eliminated from the scene through cold-blooded murders of chosen ones, or mass murders, otherwise.

This did not become a ruling party. In fairness, they would have to forget the past and work day and night for peace and harmony among the people. They should have in the first place tried to bring to the conference table

their partners in power-sharing viz., the MQM, without whose participation they could not have found themselves in the seat of authority both at the Centre and in Sindh. The MQM gave the PPP their solid 14 votes on a silver platter but for which it could never have found itself at the helm of affairs in the Federal Government at least. The PPP has given unimpeachable evidence of its ingratitude to its partners in the power sharing process without whom they were carrying the business of the state which was unethical, to say the least.

The peace in Sindh, and the country as a whole depends on the earnestness and honesty of purpose of the party in power both at the Centre and in Sindh, and unless they mean business, nothing can help.

#### **Commentary Views Corruption Trials, Political Fallout**

91AS0073A Lahore THE PAKISTAN TIMES  
in English 4 Sep 90 pp 4, 5

[Article by Alamdar Raza: "The Trials and Aftermath"]

[Text] The president's comprehensive charge sheet against the government of Benazir Bhutto made out an unassailable case for the dissolution of assemblies.

The reaction of the people is or was very favourable when the announcement was made. The people of Sindh believe that the dissolution came because the government was malfunctioning and corruption was a contributory factor. The people of the other provinces believe that corruption of unprecedented dimensions was the main reason. The PPP [Pakistan People's Party] sources too concede that there was corruption but they argue that corruption has been there all along and it is not proper to single out the PPP regime for it.

It is true that there was corruption in the past and some of the persons included in the cabinet were blamed for that but to talk of corruption and to bring out specific cases for trial are two separate issues. If PPP or Benazir believed that General Zia-ul-Haq, his family members or any of his ministers were corrupt, there was nothing to stop them from instituting cases against them. Now that it was not done, it may mean many things. For instance, the allegations were false, there was no sufficient evidence for corruption or, above all, Benazir deliberately avoided trying the corrupt elements because PPP wanted to indulge in these activities and as such they did not want to create any bad precedent. Whatever the reasons the fact remains that the opportunity had been missed and in legal matters a missed opportunity does not normally return. Delayed trials suffer from serious credibility gaps besides the fact that the lost time fades memories, changes the environment and consequently valuable links of evidence disappear. If the trials are to succeed, they must be held promptly otherwise law of limitation comes in. The law of justice does not support stale demands. So, the opportunity, which could have been availed of, has been lost. Thus the decision of the

caretaker government to confine the period of trials to the last regime, is therefore, a pragmatic one.

These trials have been challenged on several grounds—the main ground being that the trials should not take place under special laws, and that they should be held under normal laws and in normal courts. These laws were on the statute book when the PPP was in power and they could be changed by a simple majority which the PPP enjoyed all the time. Since the PPP failed to amend those laws do they have the right now to say that these are unjust and that PPP would not subject itself to trial under these laws? *Prima facie*, PPP has a very weak case. The trial by special courts under special laws has never been questioned by PPP. In fact, there are many such laws in force which prescribed trial by special courts apart from the present law under which trials are due to take place.

The concept of dealing with corruption is very old. The Indian Penal Code which is now called Pakistan Penal Code, was enforced in 1860. It contains a full chapter on corruption—i.e., Chapter IX. Similarly the Prevention of Corruption Act was passed in 1947. Subsequently when the normal procedure under which the trials for corruption took place was found to be slow and dilatory, the Criminal Law Amendment Act was passed in 1958 under which a special procedure for trial was prescribed. These laws, however, applied to public servants only and the politicians were outside its purview.

As the complaints of corruption against the holders representative offices began to pile (not to the extent as of now), it was felt necessary that laws similar to those of public servants be promulgated. Accordingly, Public Representative Offices Disqualification Act (PRODA) was promulgated under which action was taken against several politicians. President Ayub Khan following in the footsteps of PRODA, passed the Elective Bodies Disqualification Ordinance (EBDO) in 1959 and used it to force many politicians out of politics.

Zulfikar Ali Bhutto passed two acts namely (i) [as published]the Holders of Representative Offices (Prevention of Misconduct) Act, 1976, and the Parliament and Provincial Assemblies (Disqualification for Membership) Act, 1976, and assumed powers under them but did not use them by and large. Under these acts, prime minister and chief ministers were excluded from criminal liability. The Orders No 16 and 17 which are being invoked now are analogous to the above two acts passed by Bhutto except some minor changes—the main difference being that nobody is exempted under them.

It is obvious from the above exposition of the legal history that the politicians are not facing any new type of law today. They are facing an identical type of law which they had themselves enacted during the PPP regime of Zulfikar Ali Bhutto and as such they have no right to object to it or, worse still, to reject it. In fact, the present

laws are more judicious because they make no exceptions like Zulfikar Ali Bhutto's laws. These are normal laws as they have at their back long history and precedents.

As far as the trials in normal courts, the PPP sources have not explained as to what is meant by normal courts. Does it mean that a complaint should be lodged in the court of a magistrate/judge in the first instance? Even if this argument is to be accepted it will mean that the cases will have to be transferred from the court of a magistrate or a judge because in these cases complicated questions of fact and law and important, political personalities are involved and these courts will not be able to handle them adequately. Eventually the cases will land with a high court judge. So why not file them with a high court judge initially and directly.

The basic point involved in these trials is that the affected persons should get a very fair and just trial. The perusal of both laws shows that the trial under them has only to be conducted by a judge of a high court and appeal lies to the Supreme Court. This makes the trial as just and fair as a person can get in Pakistan—a trial by the higher judiciary and right of appeal to the highest court.

It is, therefore, apparent that the objections raised against the trial do not carry any weight. What is haunting the PPP is that these cases against them are so good and strong that they are likely to result in conviction in most of the cases. It wanted to avoid the trials by giving all sorts of arguments. The trump card which it is playing now is that Benazir Bhutto has come back to the people once again and is explaining her case. The result is that people are keenly attentive or even receptive. What has helped her immensely is that a very few people are projecting the president's case. The political parties represented in the government seem to be moving together but, in fact, there is a great divergence in their views. What one sees at the grass-root level is that whereas the PPP is moving with zeal and trying to carry the day, the people in the government are cautious, not sure of themselves and unable to explain their case to the masses and are, therefore, trying to hide themselves behind office files.

Benazir Bhutto is using different diction as she talks to different people at different levels. The field is open to her all over Pakistan and, through the telephone, the world with exception of Karachi and Hyderabad where she faces a formidable challenge. The people of the Punjab who will play a decisive role in the coming elections. What will be the situation by the time of elections is anybody's guess. Maybe Benazir Bhutto is able to generate sufficient sympathy for herself and cash in on it. The time is running out very fast but the sense of urgency seems to be lacking. Something is required to be done immediately to stem this move before it turns into a movement.

The ministers are talking of accountability in apologetic tones and are laying main emphasis on elections. Their talks are now jarring. Why accountability at all when the elections are so close by? Why not leave it to the people who are returned through the process of elections? This is not being adequately and convincingly explained by the government which has undertaken accountability.

**Benazir Bhutto** is cashing on it and is adding more explosives. The best that is expected of the government is that it should finalise these trials as early as possible, so that their impact is felt by the public opinion.

It may not meet the entire challenge posed by Benazir Bhutto but it will have one advantage—that those who have been guilty of serious misconduct will have been punished and it will add a feather to the cap of the caretaker government. The rest of the situation can be handled by political means for which the Opposition has a large number of experienced leaders. All they need to learn is to move in unison.

### Commentary Views the Emerging Scenario in Politics

91AS0087A Lahore THE PAKISTAN TIMES  
in English 9 Sep 90 pp 4, 5

[Article by Bashir Ahmad: "The Emerging Scenario"; quotation marks as published]

[Text] August 6 witnessed the deposition of Ms. Benazir and installation of Mr. Ghulam Mustafa Jatoi as caretaker Prime Minister. Mr. Jatoi was one of the founder-members of the Pakistan People's Party, an old pal of Zulfikar Ali Bhutto and had stood by the party through thick and thin, also during the turbulent 1983 when the MRD (Movement for Restoration of Democracy) had launched a vigorous campaign to dislodge General Zia-ul-Haq. Mr. Jatoi's dedication to the party and loyalty to the Bhutto family stood the test of time for long. On Benazir's return in April 1986 when she was riding the crest of a popular wave, in a fit of self-exuberance and enthused by the massive demonstrations of public support, she resolved to get rid of her uncles whom she described as "dead-wood."

Finding her arrogant and conceited Mr Jatoi decided to part ways and he founded his own National People's Party which somehow remained a non-starter and could not win many adherents among masses. He had long nursed an ambition to become the Prime Minister and it was universally conceded that when it came about, he will make a 'Gentleman Prime Minister'. He had spurned the offer a couple of times during the regime of Zia-ul-Haq solely on account of his loyalty to the Bhuttos and PPP [Pakistan People's Party]. The chance came when Benazir was dismissed by President Ghulam Ishaq Khan, charged with corruption and incompetence, political as well as administrative bungling. The extreme step was motivated by the President's commitment to democracy and he pledged free and fair elections in October next while caretaker government's topmost and

foremost duty would be holding of elections, paying special attention to restoration of law and order. Benazir called it a constitutional coup. She has called for free and impartial elections, at the same time questioning the integrity of the caretaker government.

Mr. Jatoi has promised polls on schedule despite the process of accountability which has been initiated and which will be expedited and cover every sphere of life, inclusive of Provinces, not sparing anybody irrespective of his or her position and party affiliation. The Senators will also come within its purview and all legislators and ex-holders of public offices during the last 20 months would be subjected to accountability. Mr. Jatoi with his clean record is expected to live up to his word about polls and the Chief Election Commissioner Justice Naeemuddin has declared his readiness to hold these on scheduled dates. Preparations to this effect are in an advanced stage.

The PPP has challenged the dissolution of Assemblies in the Supreme Court, as also the establishment of Special Tribunals to try these guilty of corrupt practices. Benazir has protested that she was being maligned by the information media, her supporters victimised and that a massive crackdown had been launched against PPP members and associates of Asif Ali Zardari in order to break her party. Talking to Voice of America she underscored the need for holding fair and free elections, stating that putting off elections beyond October will not be tolerated. Polls, according to official sources, will not be delayed on account of the process of accountability which could continue even after elections, if necessary. PPP voices the theme that accountability connotes going back to the people, election results being the acid test of it. A cross-section of public opinion also argues that going back to the electorate for a fresh mandate would be the most authentic form of accountability. Now that it is going to be embarked upon, the 'operation clean-up' should not be lacking in credibility and has to be fair and even-handed, in order to be acceptable to the people at large.

The Awami National Party (ANP) has the dubbed dissolution of assemblies as a correct step and welcomed the process of accountability. Abdul Wali Khan is ready to enter into alliance with other political parties. Mr. Jatoi who has confabulated with him is hopeful of positive results. Nawab Akber Bugti has launched a national level party (Jamhoori Wattan Party) and is negotiating with others, chances of rapprochement are bright. IJI [Islamic Democratic Alliance] and all other components of the former COP [Combined Opposition Parties] have decided to field consensus candidates in each national and provincial constituency, one to one.

Hectic political activity is in the offing: one has to wait to see the ultimate outcome. The former Prime Minister has objected to the proposed tribunals for carrying out accountability, as also to the law under which they are to operate. President Ghulam Ishaq Khan has explained that the special courts would consist of High Court

judges and their judgments would be appealable in the Supreme Court. He has further said that the accountability law had been promulgated in 1977 by the then President Ch. Fazal Elahi and had remained on the statute book since, without being questioned even under her own government. It was a constitutionally recognised law and there should be no reason now to object to its taking its normal course. Begum Syeda Abida Hussain has elaborated that special tribunals would be made up of High Court judges to be nominated by the respective Chief Justices. These would be like the normal courts except that the hearing would be on day-to-day basis to expedite the process. Benazir has rejected the tribunals on the grounds that these were established under an enactment promulgated by Gen. Zia-ul-Haq in November 1977. Her former minister Aitzaz Ahsan has also declared the orders setting up tribunals ultra vires of the Constitution. The parties appear to be talking at cross purposes.

Benazir has denied allegations of corruption. The party has filed a writ in the Supreme Court against the dissolution of their government and another petition against the establishment of tribunals to try the former ministers on charges of corruption. Allegations and counter allegations are being traded while the stage has been set for conducting accountability and special courts comprising High Court Judges established to initiate and finalise the accountability process against legislators and ex-holders of public offices. As far as practicable it intended to expedite disposal of cases so as not to affect the polls schedule. Official circles categorically state that the process of accountability would not affect elections in any way.

The caretaker government is expected to move references against some 50 former Ministers, Members of National and Provincial Assemblies within the next few days praying to the Tribunals to declare these persons ineligible to contest elections. It is learnt that references against Ms. Benazir, Asif Ali, Hakim Ali Zardari, Faisal Saleh Hayat, Iftikhar Hassan Gilani, Jahangir Badr, Mir Baz Khetran and Khan Bahadur Khan have been prepared for submission to the tribunals.

Polls in which the PPP and its leadership would not participate will lack credibility. Apprehensions have also been voiced about the fair way of the process of accountability. Benazir has said that her former ministers and legislators including herself are ready to appear before the existing courts under the law of the land but refuse to accept the special tribunals constituted under 'special laws'. Mr. Jatoi thinks PPP is trying to escape polls as it had lost ground.

None of the parties contesting elections in November 1988 emerged with a clear-cut majority to be able to run the government single handed and the PPP, the largest party, was obliged to solicit support of MQM [Mohajir Qaumi Movement] which broke asunder on the eve of the no-confidence motion filed in October 1989. The situation today is again nebulous as the forthcoming

elections are unlikely to throw up a stable government. If the situation did not change for the better, confusion will become worse-confounded and internecine bickerings, horse-trading, floor-crossing and "plotocracy" (awarding of plots in Islamabad, etc.) may again grip the nation. A stable government may not surface as the PPP cannot now sweep the polls though it may bag a sizable number of seats like in 1988. The IJI under the stewardship of M. Nawaz Sharif promises to do well (his performance in 20 bye-elections was inspiring) but the fissures in their ranks with mutual jealousies and rivalries could wreck the so-called grand alliance at some stage. The IJI strategy of a single candidate for one seat makes electoral sense.

High hopes are pinned on the IJI which with its newly-coined strategy of a 'grand alliance' may decisively defeat the discredited PPP and eventually even obliterate proliferation of political parties. Pakistan can make do with two or three parties like that in the USA (with its Republicans and Democrats) or Britain (Labour, Liberals and Tories). The forthcoming elections will be a milestone in the country's chequered annals.

#### Commentary on Achieving Political Stability

91AS0087B Lahore THE PAKISTAN TIMES  
in English 15 Sep 90 p 4

[Article by Prof. Manzoor Mirza]

[Text] Various forms of government have been tried in Pakistan. Some two decades back, the country had the presidential system based on the late Ayub Khan's philosophy of Basic Democracies. The system went off with the fall of Ayub's government and without recounting its pros and cons, it crumbled with the scrapping of the 1962 Constitution and imposition of Martial Law. The parliamentary form, thought to be the most accepted and popular, too, has succumbed to various kinds of political and economic pressures. Apart from the shortcomings of both the systems, apparently there is something inherently wrong in both the political orders. It calls for a comprehensive study.

Economics, politics and sociology are inter-related disciplines. The roots of the problems, confronting Pakistan—a developing country—lie in diverse social disciplines. It thus requires an indepth understanding of the problems in a broad sociological spectrum. Reforms in the existing political order would be useless without envisaging certain changes in the socio-economic order. A political scientist views complex problems besetting a developing country from a number of social disciplines. It would make little difference even if a nation were to opt for any type of political order without attacking the basic economic malaise it suffers from. The latter could, in the long run, even disrupt a new political order a nation opts for. Without diagnosing the malaise, a nation would continue suffering reverses in its political march in time to come. That needs an objective identification

to find out ways to remedy the prevailing situation for the purpose of achieving political stability.

The present socio-economic order functions in a manner as to promote the interests of the elites in Pakistan. There are widening income inequalities in the country which show a mixed trend of increase/decrease during the last two decades. One sees emergence and promotion of privileged income groups, comprising feudal landlords, industrialists and traders. One sees an inter-mix of industrialists and feudal landlords entering into each other's domain. Certain industrialists have entered the field of mechanised farming to escape taxation as there is no taxation on agricultural incomes. Likewise landlords have entered industry to undertake industrial projects. As for the capitalist farmers, in the words of Mahmood Hasan Khan, "some of them are the transformed landlords and others are urban-based khulaks, including civil and military bureaucrats" (*Lectures on Agrarian Transformation in Pakistan*, p. 30) The aforesaid classes have an easy access to the means of production, and money flows to them. They wield economic and political power and can afford to play the Machiavellian game of politics. The present-day politics is shorn of ethics and morality, and as such only those possessing wealth and power could aspire to contest elections. If elections were held at regular intervals it would help the institution of accountability to emerge and stabilise. But in the absence of democratic traditions/institutions it would take long before the aforesaid institution develops and grows. Hence the need to make some changes in the prevailing social, political and economic order for purpose of achieving political stability. The existing order simply stands for safeguarding the vested economic interests of the elitist classes, as people belonging to middle income groups, embodying relative human virtues and good political perceptions cannot contest elections. The elitist class, comprising feudal aristocrats and industrialists, having the necessary economic

means can enter the arena of politics to further their political aims and economic interests. Under the present socio-economic-politico dispensation, masses are like pawns on the chess board of politics of the wealthy and powerful classes. In a way voters vote to promote the voted economic interest of the elitist class. Pakistan being the outcome of adult franchise today faces a dilemma arising out of the same phenomenon, leading to plunder, loot and misuse of national resources by the elected representatives. Horse-trading through the operation of political stock exchange has increased corruption manifold. Rather it has legalised corruption to grow all-round in society. One is thus inclined to believe that whatever be the lable of the government, the same game of vested interests is going to be played. The elements comprising the power axis are going to benefit at the expense of common man. The latter appears to be a gaoler of the prevailing order that needs certain changes for promoting the welfare of the common man, as feudal landlords and industrialists can not safeguard his interests.

In view of the above referred scenario, allocation of constituencies in rural areas be made on the basis of the size of the farms. If it is accepted in principle, it would ensure representation to the owners of the farms according to their size. Each class of the farm owners would stand represented under the proposed scheme. The table given as under could serve as a basis for the allocation of constituencies especially in the rural areas. The size of the farm is taken as the basis parameter pertaining to the allocation of constituencies. Under this scheme, owners of farms under 60 or above acres, would not get more than their due, if farms-size were taken as the basis of allocation of constituencies. The underlying idea is to do away with big feudal landlords, who on account of economic and political power are able to dominate over the political scene:

**Number and Area of Private Farms Classified by Nature Farms**

Size of farms (acres)		Number (million)	Percent
0.82	Under 0.5	8	
0.5 to under 1.0		0.91	9
1.0 to under 2.0		1.70	17
2.0 to under 3.0		1.68	17
3.0 to under 5.0		2.27	23
5.0 to 10.0		1.75	17
10.0 to under 20.0		0.64	6
20.0 under 60.0		0.25	3
60.0 under above		0.02	xxx

Source: Economic survey 1989-90 (p. 50) statistical appendix

[Table as published]

That would give due representation to all classes in the rural areas, depending on the size of farms. Owners of farms (3.0 to under 5.0 acres) are likely to get more

representation than the other categories as the number of farms of this category is the highest. In case of urban areas, the constituencies could be allocated on the basis

of various income groups, data for which could be worked out. Low-income groups forming a higher proportion of the urban population could be considered for allocation of more constituencies. All income groups need to be represented in the lower house, i.e., the National Assembly.

The implications of the scheme could be analysed objectively, if the idea underlying it were acceptable. Political stability cannot be achieved without making some dents in the present situation marked by economic and political power wielded by the elitist classes. The existing order confers those traits on the elitist classes. It leads to a sort of vicious circle of vested interests with the passage of time. To achieve political stability, it is somewhat necessary to break up the power and influence of the elitist classes that have emerged strong and powerful in the country. A leadership springing up from different classes might perhaps be able to perceive things in proper national perspective, but it needs time.

#### National Stand on Kashmir Viewed

9IAS0089A Lahore THE PAKISTAN TIMES  
in English 2 Sep 90 p 6

[Article by Mir Abdul Aziz]

[Text] The Indo-Pakistan talks in New Delhi have failed and thus the stalemate on Kashmir is continuing as before. Soon after the talks, Indian forces attacked Kel sector with the heep [as published] of big guns and tried to grab a military post in Azad Kashmir. The attack was repulsed. This further proved that the Indian rulers were not in a mood to settle the Kashmir issue by negotiations and want to continue their policy of might is right.

With the change of government in Pakistan, the Indian attitude on Kashmir always becomes stiff, and every time India has to be reminded that Kashmir is not a party issue but a national issue of Pakistan because every Pakistani believes that Pakistan is incomplete without Kashmir. The Quaid-i-Azam had rightly said that Kashmir was the popular vein of Pakistan and no self-respecting nation could leave its life-line in the hands of any enemy.

It was in the light of this declaration that Mr. Ghulam Mustafa Jatoi, the caretaker Prime Minister of Pakistan, in his address to the nation on August 14 said that Pakistan would continue its political and moral support to the people of Jammu and Kashmir unless and until they achieved their birth-right of self-determination. He said that the people of occupied Kashmir had every right to fight for their freedom and that India had resiled from her old stand that the people of the State would decide their future through a plebiscite under the auspices of the United Nations. India and Pakistan had accepted the resolutions of the UN Commission for India and Pakistan. Pakistan stuck to this decision and declared that it would continue its support to the Kashmiris as long as the issue was not solved amicably.

Very recently, the foreign ministers of the Organisation of Islamic Conference (OIC) in their meeting at Cairo supported the struggle of the Kashmiris and passed a unanimous resolution to this effect. The meeting also took a strong notice of the atrocities which are being committed against the people of the State by Indian security forces almost every day. The meeting said that Kashmiris had every right to decide their fate through a plebiscite which promise was made to them 43 years ago by the UN. It was decided that a delegation of OIC would visit India and held Kashmir to find out the real facts.

In the meantime, a reign of terror has been unleashed in the State of Kashmir. Efforts are also afoot to convert the Muslim majority of the State into a minority. Indian public opinion however is becoming alive to the inhuman policy pursued by the Indian rulers in Kashmir. Minoo Masani, an Indian leader, recently wrote in the Radical Humanist of Calcutta that the State of Jammu and Kashmir was never a part of India. He asserted that at the time of the transfer of power by the British in the sub-continent, Kashmir was not part of India and it was Lord Mountbatten, the last Governor-General of India, who induced the Maharajah to join India. But the secession of the State to India was subject to a plebiscite or a referendum which has not been held so far.

The writer has emphasised that the solution of the issue of Kashmir in an amicable manner is imperative for peace in the sub-continent.

Amnesty International, an organisation which fights for human rights in its report has made special mention of the atrocities which are being committed against men, women and children in Kashmir. The Amnesty's delegation, a couple of months ago, wanted to visit Indian-held Kashmir but was not permitted by the Indian government.

The Initiative on Kashmir Committee of New Delhi also sent its delegation to Kashmir and on its return a detailed report was published. It mentioned the heinous atrocities which are being committed against Kashmiris.

In the reports, a mention has been made of newly [as printed] Mubinah, who along with her husband and others was going home in a bus. The CRP [Central Reserve Police] intercepted the bus and resorted to firing, killing, wounding some of the baratis. The bride and her aunt were gangraped by the CRP personnel. Members of humanist associations of India met the bride in hospital and recorded her statement.

The struggle of the Kashmiris has been taking a very serious turn since late last year when the election to the Indian Lok Sabha was held and the Kashmiris boycotted them. Between 2 and 4 percent of the votes were "cast" in that election in Kashmir. This was exactly one year

after the then Indian Prime Minister, Rajiv Gandhi, boasted in a Press conference in Islamabad on the occasion of the SAARC [South Asian Association for Regional Cooperation] Summit that India had several elections in Kashmir and that there was no need of a plebiscite because the people had given their verdict, through the election, in favour of India. He said this in December 88 and in November 89, when the election was held in Kashmir, the Kashmiris boycotted the poll. The 2 or 4 percent votes were manipulated by the staff of the Election Commission.

A non-Muslim newspaper, THE KASHMIR TIMES, of Jammu, which is widely circulated in the state, wrote an editorial: "Whom do they represent?" The paper asked when 96 percent of the electorate had boycotted the election to the Lok Sabha in Kashmir, whom did the members of the Lok Sabha, elected in that situation, represent?

Before their "success" was declared in the election, these members of the Lok Sabha from Kashmir buzzed off to New Delhi along with their families and other relations. They never visited Kashmir after that. Same is the case of Farooq Abdullah, who was propped up by Indians as the scion of Sheikh Abdullah and the representative of the Kashmiris. Since his dismissal from office, even he has not ventured to visit Kashmir.

According to another report, 500 pro-India Kashmiris have left their homeland out of fear and are living [as printed] posh areas of different cities of India out of fear. These are all political leaders and workers, who were cronies of Indian rulers in the past. They have amassed a lot of wealth.

The whole world is critical of the Indian policy on Kashmir. Even the U.S. Deputy Assistant Secretary of the State, John Gilder, has criticised house searches, killings and firings in Kashmir by the Indian security forces. He has said that India should educate its forces how to deal with unarmed demonstrators.

Mr. Jatoi's words are the words of every Pakistani and Kashmiri. Let there be no misgivings about it. Pakistan stands solidly behind the Kashmiris and would never let them down. India should realise that the Kashmiris cannot be suppressed by brute force. The only way out is a political, democratic and just solution of the issue.

#### **Commentary Views State of Economy**

91AS0088A Lahore THE PAKISTAN TIMES in English 16 Aug 90 p 4

[Text] Prime Minister Mr. Ghulam Mustafa Jatoi in his address to the nation referred to the gross mismanagement of the national economy by the previous government. Corruption, nepotism and financial irregularities became the order of the day. A small coterie was given a free hand to loot the national wealth. Billions of rupees were borrowed from the nationalised commercial banks and DFIs [direct foreign investments] without the

requisite collateral and proper processing. Loans of millions of rupees were written off without rhyme or reason and the terms and the period of their repayments were arbitrarily relaxed. Millions of rupees were allegedly made in commission in unethical cotton and rice deals. The Bhutto government claimed to be of the people but it did practically nothing for the betterment of the people. The youth were deprived of jobs and villages of electricity. The government's misdeed fuelled inflation in the country which made the life of the common man miserable.

Prime Minister Jatoi has assured his compatriots that solving the problem of sky-rocketing prices of consumer goods is the first priority of his government and effective steps are being taken to check the phenomenon. The ousted government had not only made a mess of the economy, it started implementing the People's Development Programme clearly violating the jurisdiction of the provinces. It also failed to convene the meetings of the National Finance Commission and Council of Common Interests which constitute the bedrock of the financial edifice of the federation. The interim government will have to make herculean efforts to put the economy back on the rails.

#### **Commentary Views Foreign Loans**

91AS0088B Lahore THE PAKISTAN TIMES in English 23 Aug 90 pp 4, 5

[Article by Abdullah Dadabhoy: "Pakistan and Foreign Loans"]

[Text] One of the serious problems plaguing Pakistan is the foreign loans obtained largely for spending on national development plans. Every year budgetary deficits are covered through foreign as well as internal debts.

Pakistan came within the ambit of foreign loans from the start of its 1st Five Year Plan chalked out in 1955 for development in the country. Similarly heavy loans were obtained for the Second Five Year Plan in 1960 by Ayub Khan's regime. Since then heavy amounts have been borrowed in the name of development under the various five-year plans and the country is groaning under the burden of foreign debt.

Till date the burden of foreign loans is 14 billion dollars (disbursed and outstanding) as against the entire Third World loan liability of 1.3 trillion dollars. The burden of domestic debt is 300 billion. In the current year too Pakistan made aid request of three billion dollars to the Paris consortium meeting which was approved.

The Third World debt crisis is the inevitable outcome of the interaction of multiple market forces and certain extraneous shocks to the international system. The countries concerned cannot absolve themselves of considerable responsibility for fomenting the crisis more through sins of omission rather than commission. In their new found statehood, they were perhaps over-zealous in their drive to rival the industrialised countries. In their state

of inebriation they borrowed excessively, paying scant attention to the consequences that would follow. [as printed] There is a pronounced deficiency in economic research and evaluation by the governments of most under-developed countries. As a result they are typically unable to devise an appropriate optimal debt strategy; economic forecasting is unreliable due to data constraints and lack of skilled manpower.

While Third World governments were eager to borrow, Western commercial banks were keen to lend. Overflowing with OPEC petro-dollars, the banks were not particularly selective about Third World borrowers since they wished to divest themselves of excess liquidity.

However, it must be stated in all sincerity that none of the principal international players have emerged from the debt debacle untarnished. Third World countries displayed their native [as printed] by madly scrambling for debt without much regard for the costs to be borne; or their ability to absorb external resources efficiently.

The most immediate impact of the debt crisis manifests itself in domestic economic and political destabilisation in the offending Third World countries. When such countries, trying to ward off the creditor banks, are driven into the far from tender embrace of the IMF, they have to accept conditionality as part and parcel of any rescue package. This typically consists of a dose of orthodox neo-classical deflationary measures: (i) devaluation of the currency to increase export competitiveness, and reduce the attractiveness of imported consumer goods; (ii) elimination of government subsidies such as on food, fuel, housing, transport, etc., to reduce the budget deficit; (iii) a reduction in income and corporate taxes to stimulate enterprise; (iv) a reduction in real wages to stimulate employment; (v) a reduction in government regulations and controls to improve the business climate; (vi) an increase in interest rates to stimulate savings and ensure more effective use of scarce capital; (vii) constraints on expansion in money supply to curb inflation; (viii) cut in governments administrative and social expenditure to maintain proper fiscal balance; (ix) increase in direct taxes and user charges to enhance public revenues; and (x) privatisation to encourage domestic and transnational enterprise.

Following are the side-effects of this policy prescription, and are well recognised indeed: (i) an adverse shift in Third World countries, terms of trade, at least in the short term; (ii) unemployment; (iii) aggravation of income inequalities; (iv) food riots; (v) strikes and other industrial disruption. In sum-total many less developed countries have discovered the political price of following IMF advice to be very grave.

The debt-burden of 14 billion dollars being excessive is evidently causing hardship to Pakistan. The IMF and the World Bank are directly and indirectly influencing policies in this country applying pressure with a view to devising a self-executing mechanism at government level that would make repayment automatic.

Possibly finding itself on horns of the dilemma, the Government of Pakistan has decided to introduce structural changes in the economy. To begin with appointment of a high-powered committee has been announced to explore ways and means leading to economies in government expenditure, particularly on the non-development side. This is a step in the right direction.

But this is not enough either. A crash programme in the industrial sector, calculated to maximising growth in production, particularly on the value-added side, is a pre-requisite of all repayment effort on our part.

Freeing of international trade is another requirement. Rise in production to the desired level is the logical consequence and thus there is an urgent need to rescue production processes from bureaucratic shackles and red-tape. This and other steps like one-window operation would attract finance and technology from the industrialised Western countries which would be encouraged to go in for joint ventures, very much indeed in the interest of Pakistan.

With the increased production of goods, more particularly of the value-added, resort may be had to exports on a massive scale so that we are able to earn maximum amount of foreign exchange which may be used towards repayment of foreign loans.

Since we are a cotton growing country, there is very great scope of increased exports in the field of textile made-ups, cotton knitwear, fashion and ready-made garments. Government should pay special attention to fashion designing watching strict quality control measures. Packaging is no less important. Export houses may be opened in numerous world capitals, particularly in non-quota countries.

It is a happy augury, as the press reports have it. Pierre Cardin, world renowned fashion designer, hotelier and tourism promoter visited Pakistan on the invitation of the government for the purpose, inter-alia, of exploring possibilities of floating joint ventures for production of fashion garments on a mass scale, and establishing training centres to train Pakistani manpower in the specialised art of fashion designing to boost their export.

To begin with, we should stop exporting items like cotton and semi-finished cotton products like yarn, finished leather, which enable rival countries to make

value-added goods, and then re-export to this country or other buyers in the world at high prices. Efforts should be made to see that entire cotton produce in Pakistan is consumed at home and converted into the value-added finished products to earn foreign exchange in billions of dollars which should be used, in the first place, for the wiping off of our debt liabilities in the fashion of most Far Eastern countries like Japan, S. Korea, Taiwan, Hong Kong. They have not only paid back their loans to the world lending agencies, but built (or re-built) their (shattered) economies in the meantime. South Korea for one has export earnings from garments alone to the tune of 8 billion dollars a year.

The most important source of foreign exchange is overseas employees which is falling down gradually from 1985. This source should be strengthened by providing more and easier opportunities to the people desiring to work abroad. We must formulate such a policy that countries seeking manpower do not contract with other countries.

Pakistan will do well to emulate examples of other countries and will have to work on their pattern to be in a position to get rid of its loan liabilities, and in addition built its economy along solid lines. It is painful we have been paying billions of rupees towards servicing our foreign loans on yearly basis. Doubtless this is a serious drain on our meagre budgetary resources and is bound to continue as long as the loans remain unpaid.

#### **Commentary Views Role of Cooperatives**

9IAS0073B Lahore THE PAKISTAN TIMES  
in English 5 Sep 90 p 4

[Quotation marks as published]

[Text] Federal Information Minister, Syeda Abida Hussain, has stressed the need for strengthening the cooperative movement and ridding it of selfishness, greed, inefficiency and incompetence for speedy development. The cooperative movement was conceived in the economic interest of the common man but now it appears to have become an instrument of his economic exploitation. The State Bank of Pakistan had warned in January last that it was unlawful for cooperative or commercial societies registered under the Cooperative Societies Act to engage in banking or investment business. These new cooperative ventures have followed in the wake of cooperative urban banks of the past which were originally started to meet the credit needs of the salaried persons and small businessmen in urban areas. Subsequently, they virtually became commercial banks, their cooperative label enabling them to stay outside the control of the State Bank. In 1976 when a cooperative institution was prohibited from using the word 'bank' in its title these cooperative urban banks renamed themselves as finance corporations while continuing to operate as investment banks. Taking a cue from their functioning independently of the financial discipline of the State Bank, commercial cooperatives have mushroomed, similarly acting as investment banks but registered under the

Cooperative Societies Act to enjoy the protection and patronage of the Cooperative Department and the accruing benefits.

Both cooperative finance corporations and commercial societies are doing a roaring business, investing mainly in housing schemes and commercial plazas, and planning also to branch out into industrial ventures. They have been able to collect billions of rupees in deposits. The secret of their success lies in competing with the low rate of interest of the nationalised commercial banks (NBCs). The interest rate of barely 6-7 percent allowed by the latter on savings accounts does not even cover the present rate of inflation. The return on their savings with NBCs thus being negative, people are tempted to these new-fangled cooperatives promising 20 to 30 percent interest per annum. With the funds so collected, these latter have even entered fields which do not come within the purview of the cooperative activity. Their business often smacks of speculation. A miscalculation may occur at any time and bring them crashing. It is reported that some of them have already stopped payment of interest and the depositors have become apprehensive about their deposits. It is high time that the working of the commercial cooperatives engaged in banking business is thoroughly investigated and the persons responsible for the registration of phoney ones are called to account.

#### **Commentary Urges Minimizing Imports**

9IAS0089B Lahore THE PAKISTAN TIMES  
in English 2 Sep 90 p 6

[Article by Nasir Mujahid]

[Text] Pakistan is heavily indebted to the outside world. By the end of June, 1989 Pakistan's foreign debt, payable in foreign currencies, aggregated US\$14 billion. The inflation, less exports, excessive imports and declining terms of trade have upset our balance of payments. Our foreign trade is characterised by the export of raw materials at low prices and too great dependence on foreign suppliers who quote monopolistic prices for goods which Pakistan needs. We have received many loans from the West. When it comes to trade promotion, however, the Western attitude has always been somewhat less than enthusiastic.

Shortage of foreign exchange is a major obstacle restricting the rate of economic growth. That is why Pakistan is always looking for foreign investment. Pakistan's exports are not sufficient to pay even for the most essential imports. For this reason our balance of payments always remains in deficit. The developed countries have put up tariff and non-tariff barriers against Pakistan's exports which constrain potential for generating surpluses. However despite the fact that Pakistan's foreign exchange earnings are not sufficient to finance her imports, it is pursuing a liberalised import policy in order to increase the production of goods and services in the country.

For earning more foreign exchange Pakistan allowed increasing manpower export to the Middle Eastern countries in recent years. To encourage foreign remittances, the Pakistani nationals working abroad are allowed to open currency accounts in Pakistani banks which are made freely convertible.

A major portion of the total foreign trade is conducted by the private sector. The government allows import of essential materials to be utilised for industrial development of the country. Due to heavy fluctuations in the foreign exchange rate our imports have been becoming more expensive and contributing to import inflation. Pakistan's exports mostly consist of raw materials such as leather, cotton, oil seeds, etc.

The following imports and export figures show the actual position of our foreign trade:

As per the IMF's "World Economic Outlook of April 1988" Pakistan is included in the list of countries whose receipts from services (such as tourism) and private transfers (such as workers' remittances) amount to at least 50 percent of their exports of goods and services. Pakistan obtained two thirds or more of its external borrowings from 1978 to 1982 from official creditors. It is also included in the group of low-income countries comprising those Fund members whose per capita GDP [gross domestic product], as estimated by the World Bank, does not exceed the equivalent of 410 dollars in 1980.

(MILLION DOLLARS)

	1984-85	1985-86	1986-87	1987-88	1988-89
Exports	2,491	3,070	3,686	4,455	4,640
Imports	5,906	5,634	5,380	6,325	6,990
Trade-Balance	-3,415	-2,564	-1,694	-1,870	-2,350
Exchange Rate					
1 US \$-Pak Rs.	16	16.82	17.39	17.88	21

Trade transactions of developed countries under the existing system reduce exports from the developing countries. Numerous taxes, discriminatory exchange rates and inflation also have an unfavourable impact on exports. Needless to say developing countries while increasing exports earnings should also try to minimise imports.

As a matter of fact trade liberalisation lowers the prices of imports. On the other hand, depreciation of the exchange rate makes imports dearer. The larger the use of locally available raw-materials, the larger will be the profitability. However a developing country cannot totally block the import of raw-materials essentially required for domestic industry.

Peter J. Quirk, a graduate of Canterbury University in his article "The Case for Open Foreign Exchange Systems," while discussing import licensing has remarked that import licensing and controlled allocation of imports through the use of foreign exchange budgets are used by most developing countries to restrict imports, whether for balance of payments support, industrial protection, health, security, sanitary or social reasons. Of those countries maintaining import licensing systems, more than half require licences on all imports. In some cases import licenses are granted more frequently if financed with the importer's own foreign exchange, obtained outside the official exchange market (for example, from retained export earnings). The most efficient way to operate a relatively free import licensing system is to permit all payments and transfers to proceed unless they are specifically prohibited or subject to prior approval—the so-called "negative list" approach.

Our balance of payments problem is related to our industrialisation programme for which heavy imports of capital goods are essential. However the import of food and other consumer goods over the last 40 years has put the country under continuous stress and the rate of inflation has been spiralling in recent years. Pakistan's mounting trade deficit is also due to a decrease in our exportable manufactured goods. The flood of foreign remittances by Pakistanis abroad is a blessing for the country without which the balance of payments deficit would have become far worse.

Our country must minimise imports and at the same time maximise exports. It should also be our national policy to combine import substitution with industrial exports. Pakistan being a developing country should export those items in which it has comparative advantage. This is the only way we can improve recurring losses in our international trade.

**Commentary Reviews Performance of Economy 1989-90**

91AS0079A Lahore THE PAKISTAN TIMES in English 14 Aug 90 pp 6, 9

[Article by Prof. Manzoor Mirza]

[Text] An economy's performance is judged by its capacity to generate and sustain an annual rise of 5 to 7 percent in its gross national product (GNP).

Index of development is reflected in the ability of a nation to expand its output at a much higher than its population growth rate [as published]. Real per capital GNP is regarded as a yardstick to reflect the overall

economic well-being of a population, indicating how much real goods and services are available for consumption and investment to an average citizen. It is thus intended to evaluate the performance of the Pakistan economy during the period under reference in terms of the aforesaid criterion. It is, however, relevant to point

out that for comparison to be really meaningful, assessment of the national economy needs to be done in a longer time perspective.

The growth of an economy is yielded by the growth rates of different sectors during a given period.

The table shown below, shows the sectoral growth rate per annum:

	1988-89	1989-90	
		(% per annum)	
		Revised	Target
1. Commodity sector	5.9	6.0	5.5
(Agriculture)	(7.1)	(5.2)	(4.0)
(Manufacturing)	(4.0)	(7.4)	(7.9)
2. Services Sector	3.7	5.6	4.8
(Wholesale & Retail trade)	(5.4)	(5.7)	(4.9)
(Services)	(6.5)	(6.5)	(6.5)
3. GDP (Factor Cost)	4.8	5.8	5.2
4. GNP (Factor Cost)	4.0		0.5

(Source: Economic Survey: 1989-90 p.3)

GDP [gross domestic product] is estimated to grow at 5.2 percent as against a target of 5.8 percent in 1989-90, and a growth of 4.8 percent achieved last year. Commodity producing sector comprises agriculture, manufacturing, mining, quarrying, construction, electricity, etc. Agriculture's growth rate is projected at 4.0 percent as against 7.1 percent last year. Agriculture's share to GNP declines as economic growth proceeds and that is in line with the process of transformation. But the reason advanced is that the growth has largely stabilised in the agriculture sector in 1987-88 to over 1988-90. Agriculture experts expect the wheat, cotton output to raise 4.1 percent and 2.1 percent while they visualise a fall of 2.1 percent in the production of sugarcane.

Manufacturing sector's growth rate came to 4.0 percent in 1988-89, while in 1989-90 it is estimated 7.9 percent as against 7.4 percent in the annual plan target. It is a healthy trend which could be attributed to a number of factors. The growth of manufacturing sector at a higher rate signifies an increase in the industrial output. This trend should continue in time to come and that demands the creation of congenial political/economic climate in the country, especially in Sindh. Political instability adversely affects the working of economy, and repercussions are largely felt in the manufacturing sector.

The contribution of services sector, consisting of retail, wholesale trade, transport and communication to GDP is significant. About half of the GDP in value added is contributed by the services sector. Its share to GDP in 1989-90 is estimated 4.8 percent as against the annual target of 5.7 percent last year. The trade sub-sector is likely to achieve a growth rate of 4.9 percent during 1989-90 as against the annual target of 5.7 percent and 5.4 percent achieved last year.

The above referred table shows the sectoral growth rate per annum to indicate the overall performance of the economy during 1988-89. It also indicates the relative working of the economy in 1989-90 in terms of the sectoral growth rate. Though it shows GDP/GNP at factor cost between 1988-89, 1989-90, yet it does not reveal anything about the distribution of GNP. A mere size of GNP is not relevant, unless it is ascertained who shares more size of the cake, the rich or the poor? In other words distributional aspect of GNP assumes importance to know whether development fruits have been shared equitably by the rich and the poor.

Inequalities in income have existed in Pakistan, which show a decreasing, increasing trend at different periods as is evident from the table given below:

Years	Household	Household Income Share		Ratio of highest to lowest 20%
		Gini	Lowest	
	Co-efficient	20%	20%	
1963-64	0.386	6.4	45.3	7.1
1966-67	0.355	7.6	43.4	5.7
1968-69	0.336	8.2	42.0	5.1
1969-70	0.336	8.0	41.8	5.2
1970-71	0.330	8.4	41.5	4.9
1971-72	0.345	7.9	43.0	5.4
19794*	0.373	7.4	45.0	6.1
1984-85	0.369	7.3	45.0	6.2
1985-86	0.355	7.6	44.0	5.8
1986-87	0.346	7.9	43.6	5.5

\*[date as published]

Source Economic Survey 1989-90 p. 9)

Gini-co-efficient is commonly used as a measure to denote income disparities. Its value ranges from 0 to 1, and 0 represents perfect equality (each percentile of household getting the same income) and 1 represents perfect inequality (one income class has all the income and everyone else getting nothing). The technique followed is that individuals are arranged by ascending personal incomes and then the total population is divided into district groups or "sizes." Division of population is done in terms of successive quintiles (five groups) or deciles (ten groups) according to ascending income levels in order to determine what proportion of the total income is received by each income group. There is a consistent decrease in income inequalities from 1963 to 1971 and thereafter there is an increasing trend up to 1985-86. However, gini co-efficient declines to 0.346 in 1986-87, showing improvement in income distribution, the share of 20 percent lowest being 7.9 percent, rising from 7.6 percent to 7.9 percent. Keeping in view, the range of increase/decrease in the income inequalities in Pakistan, the beneficiaries of the fruits of economic growth have been the 20 percent households with highest income. This does not imply that with a relative increase in the share of 20 percent poor households, they have become better off in absolute terms. It just denotes that sharing of the national income between the poor and rich households in the country has relatively improved.

In view of excessive preoccupation with maximisation of GNP growth, eventually leading to income disparities during 1960s, now there is disenchantment with the approach in the Third World countries. Growth with improved income distribution has emerged as a recognised goal of economic development throughout the Third World. It evidently calls for redesigning a strategy to envisage the distribution of the fruits of economic development equitably. The seventh plan spells out the role of government policies leading to redistribution of incomes through the market mechanism. In the past certain redistributive measures for the redistribution of physical assets were adopted in the urban as well as rural sectors

but they met a little success. For example, the land reforms of 1959, 1972, and 1977 were not effective. In the words of the Seventh Plan, about 10 percent of the cultivated area was resumed through these reforms. Of this approximately half was distributed to tenants, small land owners and landless tenants. The rest was either retained by the government or allotted for other purposes like livestock and dairy industry mostly to the original owners. In the urban sector under the nationalisation measures of the early 1970s, the banks and some category of industries were taken over by the public sector. There is a widespread perception that instead of promoting distributive justice these measures merely bred government controls, corruption and inefficiency, while at the same time they discourage private investment.

The land reforms in the rural sector and nationalisation of banks and certain industries in the urban sector have not yielded positive results for the reasons referred to above. The country needs a strategy through the formulation of a perspective plan not only to alleviate poverty but also to improve the quality of life through the spread of public services particularly education and health, the basic ingreditutes for human resource development and for equal participation in economic life. That was the aim of the Sixth Plan and the Seventh plan more or less runs in the same view.

Economic development in the seventh plan recognises the importance of human resource development through education, skill development nutrition and health care, etc. The plan attaches a high priority to raising literacy rate by 80 percent by 2003, but strange enough, the Seventh Plan allocates [rupees] Rs 300 million for literacy and mass education as against Rs 750 million in the Sixth Plan. There is more than 100 percent reduction in the Seventh Plan on this head, yet the plan shows its pious intentions to raise literacy level to 80 percent by 2003. And what about Iqra surcharge that was to yield about Rs 5 billion to be spent on general education and

basic education in particular? One knows nothing about it. The plans could thus be regarded as mere paper tigers. If we wish to improve the quality of life through education and health, then we will have to arrange increasing financial allocations to these sectors to achieve the real objective of economic development.

The upshot of the discussion is that while efforts must be made to introduce certain structural changes in the economy, consistent with the market mechanism to achieve some measure of equitable income distribution for narrowing down income inequalities, improvement in the quality of life should also be the aim of economic development. The size of the cake must grow over time, but the poor and the rich should equitably benefit from the sharing of the cake. Economy's performance is to be judged in terms of the growth rate which must rise over time and equitable distribution of growth benefits through the culmination of the reduction in income disparities, improvement in education, health and nutrition for raising the economic productivity of the poor with low incomes and low levels of living, etc. By merely stepping up growth rates in developing countries their complex socio-economic problems fail to be resolved. It calls for a comprehensive approach.

#### **Commentary Supports Energy Conservation Measures**

*9IAS0073C Lahore THE PAKISTAN TIMES  
in English 5 Sep 90 p 4*

[Text] In view of the growing pressure on budgetary resources arising out of the international oil crisis, the Federal Cabinet has decided to enforce strict economy in non-development expenditure. It has also given orders for effective implementation of energy conservation

measures by all government organisations and agencies. The share of oil in the country's total energy supply was 40.84 percent during 1988-89. Currently we are meeting only about 33 percent of our oil requirements through indigenous production. The import bill during July-March 1989-90 stood at Rs 18.99 [rupees] billion. With the escalation of oil prices from 16 dollars to 30 dollars per barrel as a consequence of Iraq's occupation of Kuwait, the annual import bill will go up by RS 20 billion and our budgetary deficit would exceed much beyond the limit prescribed by IMF. And if the oil price shoots up as a consequence of the breaking out of war in the Gulf, the budgetary deficit may become unmanageable.

At present about 85 percent of our budget is taken up by defence, debt servicing and non-development expenditure. While there may be little scope for curtailing the first two expenditures, the third is the only one which can admit reduction. The caretaker government will have to demonstrate that it means business in its efforts to bring down non-development expenditure. Dependence on oil as the main source of energy should also be gradually reduced. The caretaker government has already taken steps to substitute gas for fuel in power and cement plants. This change should be encouraged in other plants as well. Small hydel projects should be set up, particularly in the Northern Areas, to eliminate dependence on imported oil. At the same time long-term planning should be undertaken to reduce to the minimum the use of oil energy. It should include, among other things, implementation of energy conservation programmes which have not been paid proper attention so far. Transport is the main consumer of oil. If the public transport system is streamlined and made energy efficient, it will reduce oil consumption by half, for, most of the cars are maintained by the middle class people because of the uncertainty and inadequacy of public transport.

**END OF  
FICHE**

**DATE FILMED**

12 December 1990